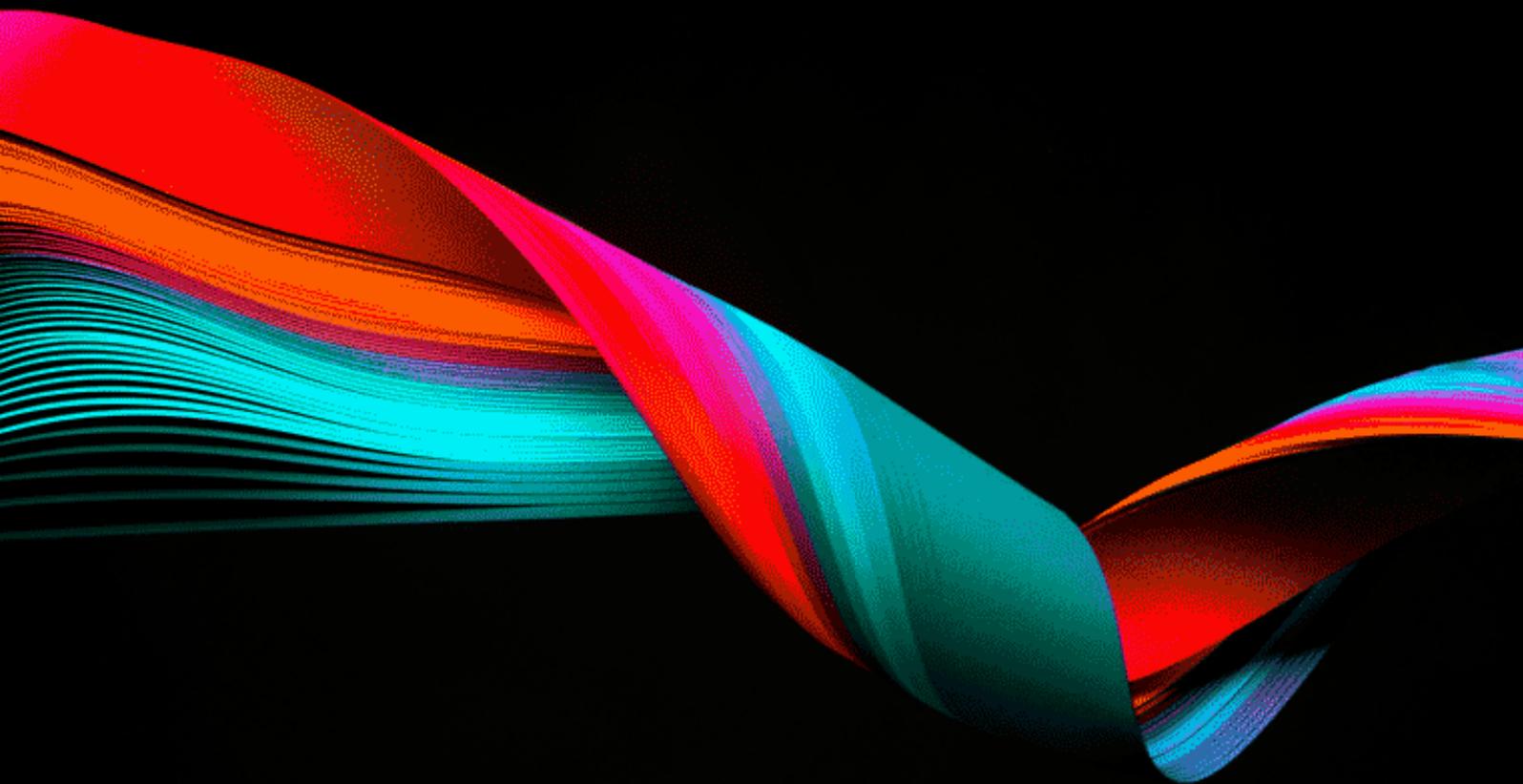


# HSBC UCITS Common Contractual Fund

An Open-Ended Umbrella Common Contractual Fund established under the laws of Ireland pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations 2011 (as amended)

Prospectus

Date: 10 February 2025



**HSBC** Asset Management

The Directors of the Manager, whose names appear in the section entitled **Directors of the Manager** below, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Directors accept responsibility accordingly.



# 1. Introduction

The information contained in this Prospectus, or any document referred to in it, including the relevant Supplement is not to be construed as legal, tax or investment advice. If you are in any doubt about the information contained in those documents, you should consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

The Common Contractual Fund (CCF) is an open-ended umbrella common contractual fund constituted by a Deed of Constitution governed by the laws of Ireland and authorised in Ireland as a UCITS pursuant to the Regulations as may be amended, supplemented or consolidated from time to time. This authorisation however, does not constitute a warranty by the Central Bank as to the performance of the CCF and the Central Bank shall not be liable for the performance or default of the CCF. Authorisation of the CCF is not an endorsement or guarantee of the CCF by the Central Bank nor is the Central Bank responsible for the contents of the Prospectus and the Supplements.

The CCF is a collective investment undertaking as defined in Section 739I of the Taxes Consolidation Act, 1997, as amended.

The difference at any one time between the sale and redemption price of Units means that an investment in Units should be viewed as medium to long term. There can be no guarantee that the CCF or any of its Funds investment objectives will be achieved and investment results may vary substantially over time. Prospective Unitholders should carefully consider whether an investment in Units is suitable for them in light of their circumstances and financial resources and should carefully review this Prospectus and the relevant Supplement, including the sections entitled "Risk Factors" and "Portfolio Transaction and Conflicts of Interest", before investing in the CCF.

## **Natural persons may not be unitholders in the CCF or any of its Funds.**

The CCF is structured as an umbrella common contractual fund. Units representing interests in different Funds may be issued from time to time by the Directors. Units of more than one class may be issued in relation to a Fund. All Units of each class will rank **pari passu** save as provided for in the relevant Supplement. On the introduction of any new Fund (for which prior Central Bank approval is required) or any new class of Units (which must be issued in accordance with the requirements of the Central Bank and notified to and cleared in advance by the Central Bank), the Manager will issue a new or updated Supplement setting out the relevant details of each such Fund or new class of Units as the case may be. A separate portfolio of assets will be maintained for each Fund (and accordingly not for each class of Units) and will be invested in accordance with the investment objective and policies applicable to such Fund. Particulars relating to individual Funds and the classes of Units available therein are set out in the relevant Supplement. Any amendments to the Prospectus or any Supplement must be cleared in advance by the Central Bank.

Application may be made to Euronext Dublin for the listing of Units issued and available for issue, to be admitted to listing on the official list and trading on the main securities market of Euronext Dublin. This Prospectus together with the relevant Supplement, including all information required to be disclosed by the listing requirements of Euronext Dublin, comprises listing particulars for the purpose of the listing of such Units on Euronext Dublin. It is not anticipated that an active secondary market will develop in such Units. Where the Units of a Fund are to be listed, this will be specified in the Supplement for the relevant Fund.

Neither the admission of Units to listing on the official list and trading on the main securities market of Euronext Dublin nor the approval of the Prospectus pursuant to the listing requirements of Euronext Dublin shall constitute a warranty or representation by Euronext Dublin as to the competence of service providers to or any other party connected with the CCF, the adequacy of information contained in the Prospectus or the suitability of the CCF or any of the Funds for investment purposes.

This Prospectus may not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised.

In particular, the Units have not been and will not be registered under the Securities Act or the securities laws of any state or political subdivision of the United States and may not be directly or indirectly offered or sold in the United States or to or for the benefit of any U.S. Person. Neither the CCF nor any Fund will be registered under the Investment Company Act.

The Units described in this Prospectus may be distributed in Canada exclusively through a locally regulated distributor appointed by the Distributor by way of exempt distribution to accredited investors as defined in National Instrument 45-106 - Prospectus and Registration Exemptions who qualify as permitted clients under National Instrument 31-103 - Registration Requirements, Exemptions and Ongoing Registrant Obligation. This Prospectus may not be used to solicit, and will not constitute a solicitation of, an offer to buy Units in Canada unless such solicitation is made by a locally regulated distributor appointed by the Distributor.

The Manager reserves the right to impose restrictions on the holding of Units directly or indirectly by (and consequently to redeem Units held by) any entity who, in the opinion of the Manager is an entity who breached or falsified representations on subscription documents, who appears to be in breach of any law or requirement of any country or government authority or by virtue of which such entity is not qualified to hold Units, or if the holding of the Units by any entity is unlawful or is less than the minimum holding set for that class of Units by the Directors, or in circumstances which (whether directly or indirectly affecting such entity, and whether taken alone or in conjunction with any other entities, connected or not, or any other circumstances appearing to the Manager to be relevant), in the opinion of the Directors, might result in the CCF incurring any liability to taxation or suffering any other regulatory, pecuniary, legal, taxation or material administrative disadvantage which the CCF or the relevant Fund or Unitholders might not otherwise have incurred or suffered or might result in the CCF being required to comply with registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply or is otherwise prohibited by the Deed of Constitution.

This Prospectus may be translated into other languages. Any such translation shall only contain the same information and have the same meanings as this English language document. To the extent that there is any inconsistency between this English language document and the document in another language, this English language document shall prevail except to the extent (but only to the extent) required by the laws of any jurisdiction where the Units are sold so that in an action based upon disclosure in a document of a language other than English, the language of the document on which such action is based shall prevail.

**Potential subscribers and purchasers of Units should inform themselves as to (a) the possible tax consequences, (b) the legal requirements, (c) any foreign exchange restrictions or exchange control requirements and (d) any other requisite governmental or other consents or formalities which they might encounter under the laws of the countries of their incorporation, citizenship, residence or domicile and which might be relevant to the subscription, purchase, holding or disposal of Units.**

**The value of and income from Units in a Fund may go up or down and Applicants may not get back the amount they have invested in the Fund. Units constituting each Fund are described in a Supplement to this Prospectus for each such Fund, each of which is an integral part of this Prospectus and is incorporated herein by reference with respect to the relevant Fund. Your attention is drawn to the section entitled "Risk Factors" below.**

Any information given, or representations made, by any dealer, salesman or other person which are not contained in this Prospectus or the relevant Supplement or key investor information document in any reports and accounts of the CCF forming part hereof must be regarded as unauthorised and accordingly must not be relied upon. Neither the delivery of this Prospectus or the relevant Supplement or key investor information document nor the offer, issue or sale of Units shall under any circumstances constitute a representation that the information contained in this Prospectus or the relevant Supplement or key investor information document is correct as of any time subsequent to the date of this Prospectus or the relevant Supplement or key investor information document. This Prospectus or the relevant Supplement or key investor information document may from time to time be updated and intending subscribers should enquire of the Investment Manager or the Administrator as to the issue of any later Prospectus, Supplement or key investor information document or as to the issue of any reports and accounts of the CCF.

As at the date of this Prospectus, the CCF does not have any outstanding mortgages, charges, debentures or other borrowings, including bank overdrafts and liabilities made under acceptance credits, obligations made under finance leases, hire purchase commitments, guarantees or other contingent liabilities.

All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Deed of Constitution, copies of which are available as mentioned herein.

**The contents of this Prospectus are not intended to contain and should not be regarded as containing advice relating to legal, taxation, investment or any other matters. Each prospective investor must rely upon such investor's own representatives, as to legal, economic, tax and related aspects of the investment described herein and as to its suitability for such investor.**

The CCF is required to and will comply with the Regulations (as defined herein).

This Prospectus and the relevant Supplement shall be governed by and construed in accordance with Irish law.

Defined terms used in this Prospectus shall have the meanings attributed to them in the "**Definitions**" section below.

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## 2. Definitions

<b>Accounting Date</b>	the date by reference to which the annual accounts of each Fund shall be prepared and shall be 31 <sup>st</sup> December in each year or such other date as the Manager in accordance with the requirements of the Central Bank may determine and, in the case of the termination of the CCF or of a Fund, the date on which the final payment of Gross Income shall have been made to Unitholders;
<b>Accounting Period</b>	period ending on the Accounting Date and commencing on the day following expiry of the last Accounting Period;
<b>Accumulating Unit Classes</b>	are Unit Classes in a Fund in respect of which any Gross Income attributable to such Units is retained within the Fund and reflected in the Net Asset Value of such Units;
<b>Administration Agreement</b>	the agreement dated 24 January 2014 between the Manager and the Administrator as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Administrator</b>	Northern Trust International Fund Administration Services (Ireland) Limited or any successor thereto duly appointed as the administrator of the CCF and each Fund in accordance with the requirements of the Central Bank;
<b>Anti-Dilution Levy</b>	in respect of each Fund, the adjustment by way of a deduction from the subscription monies received or the Redemption Proceeds payable for Units on any Dealing Day, when there are net subscriptions and/or redemptions (as appropriate) to cover any dealing costs and to preserve the value of the underlying assets of the relevant Fund and which such levy may be retained for the benefit of the relevant Fund;
<b>Anti-Dilution Mechanism</b>	Swing Pricing or an Anti-Dilution Levy;
<b>Applicant</b>	any person, other than a natural person, who completes and submits the Application Form to the CCF, care of the Administrator, in accordance with the manner set out in the Prospectus and any Supplement;
<b>Applicant Information</b>	Personal Data, Confidential Information and/or Tax Information;
<b>Application Form</b>	the agreement pursuant to the provisions of which an investor agrees to purchase Units in and become a Unitholder of the CCF;
<b>Authorities</b>	judicial, regulatory, public or government agency authorities, Tax Authorities, securities or futures exchange, or law enforcement bodies having jurisdiction over any part of HSBC Group, or any agents thereof;
<b>Base Currency</b>	the denominated currency of the CCF, being USD or the denominated currency of a Fund as may be specified in the Supplement for the Fund, as applicable;
<b>Base Currency Hedged Unit Class</b>	a Currency Unit Class whose denominated currency is hedged against the Base Currency of the relevant Fund;
<b>Business Day</b>	a day other than a Saturday or Sunday on which commercial banks are open for business in the UK (excluding any day on which a Significant Market in respect of the Fund is closed) or such other days as may be determined by the Manager and notified in advance to Unitholders as specified in the relevant Fund Supplement;

<b>Calculation Agent</b>	Euromoney Indices or any successor calculation agent who calculates and publishes the relevant Index on behalf of the Index Provider or such calculation agent as may be specified in the Supplement for the relevant Fund;
<b>CCF</b>	HSBC UCITS Common Contractual Fund;
<b>Central Bank</b>	the Central Bank of Ireland ( <b>CBI</b> ) or any successor regulatory authority with responsibility for authorising and supervising the CCF;
<b>Central Bank UCITS Regulations</b>	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48(1) (Undertakings for Collective Investment in Transferable Securities) Regulations 2019 (S.I. No. 230 of 2019), as may be amended from time to time;
<b>CIS</b>	an open ended UCITS or non UCITS collective investment scheme within the meaning of Regulation 4(3) of the UCITS Regulations and which is prohibited from investing more than 10% of its assets in other such collective investment schemes;
<b>Class or Classes</b>	means any class of Unit issued in respect of any Fund, which may be issued for classes A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y and Z, and as set out in the Supplement for the relevant Fund;
<b>Compliance Obligations</b>	compliance by any member of HSBC Group with any reporting, disclosure or other obligations under any applicable local or foreign laws, regulations or voluntary codes, directives, court orders, agreements with or demands from the appropriate Authorities;
<b>Confidential Information</b>	means non-public banking information;
<b>Connected Party</b>	the persons defined as such in the section headed <b>Portfolio Transactions and Conflicts of Interest</b> ;
<b>Currency Hedged Unit Class</b>	a Currency Unit Class which uses a currency hedging strategy and which may either be a Base Currency Hedged Unit Class or a Partial Currency Hedged Unit Class;
<b>Currency Unit Class</b>	a Class of Units denominated in a currency other than the Base Currency of the relevant Fund;
<b>Data Protection Legislation</b>	the EU General Data Protection Regulation (EU) 2016/679, European Commission decisions, binding EU and national guidance and all national implementing legislation including the Data Protection Act 2018, as amended from time to time;
<b>Dealing Day</b>	in respect of each Fund such Business Day or Business Days as is or are specified in the Supplement for the relevant Fund provided that there shall be at least two dealing days at regular intervals per month;
<b>Dealing Deadline</b>	in relation to applications for subscription, redemption or switching of Units in a Fund, the day and time specified in the Supplement for the relevant Fund;
<b>Deed of Constitution</b>	the deed of constitution dated 24 January 2014 between the Manager and the Depositary, as amended, supplemented and consolidated and which may be further amended and supplemented from time to time with the prior approval of the Central Bank;
<b>Depositary</b>	Northern Trust Fiduciary Services (Ireland) Limited or any successor thereto duly appointed depositary of the CCF in accordance with the requirements of the Central Bank;

<b>Depository Agreement</b>	the agreement dated 13 October 2016 between the Manager and the Depository as amended, supplemented or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Directors</b>	the Directors of the Manager and any duly constituted committee thereof, each a <b>Director</b> ;
<b>Distribution Agreement</b>	the agreement dated 24 January 2014 between the Manager and the Distributor as substituted, amended, supplemented, novated or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Distributor</b>	HSBC Global Asset Management (UK) Limited and/or any additional or successor or addition thereto duly appointed as the distributor for the CCF in accordance with the requirements of the Central Bank;
<b>ECAs</b>	a credit rating agency which satisfies the criteria of an external credit assessment institution in accordance with the Basel III framework for more resilient banks and banking systems issued by the Basel Committee in December 2010 and recognised by the Central Bank of Ireland;
<b>EEA</b>	the European Economic Area which comprises the Member States together with Iceland, Liechtenstein and Norway;
<b>EEA Member State</b>	a member state of the EEA;
<b>Entity Status Information</b>	any information relating to a business, non-profit or other entity, including but not limited to, its <b>“substantial owners”</b> or <b>“controlling persons”</b> (as appropriate) (as defined under local or foreign laws, regulatory guidance or intergovernmental agreements or intergovernmental cooperation agreements), its place of organisation, tax residence status, forms W9, W8-BEN-E as appropriate, a <b>“self-certification”</b> form (as defined under local law or foreign laws, regulatory guidance, or intergovernmental agreement or intergovernmental cooperation agreements), or other documentation as may be required to establish the entity's status;
<b>EU</b>	the European Union;
<b>Euro or €</b>	the single currency of participating member states of the European Monetary Union introduced on 1 January 1999;
<b>Euronext Dublin</b>	means the Irish Stock Exchange plc trading as Euronext Dublin;
<b>ESG</b>	means Environmental, Social and Governance factors which can be considered non-financial performance indicators which include ethical, sustainable and corporate government issues;
<b>FATCA</b>	the US Foreign Account Tax Compliance Act (as amended, consolidated or supplemented from time to time), including any regulations issued pursuant thereto;
<b>FCA</b>	the Financial Conduct Authority of the United Kingdom or any successor regulatory authority thereto;
<b>FDI</b>	financial derivative instruments or FDIs including over the counter derivatives (OTC) as permitted by the Regulations;

<b>Financial Crime Risk Management Activity</b>	means (without limitation) (a) the detection and prevention of money laundering, terrorist financing, proliferation financing, corruption, tax evasion, fraud, and/or violations, or attempts to circumvent or violate laws, regulations, and/or directives, and fulfilling Compliance Obligations relating to the same; (b) the detection and prevention of the provision of financial and/or other services or support to any persons or entities which may be subject to economic or trade sanctions, and fulfilling Compliance Obligations relating to the same; (c) the interception and investigation of any payment, communication, drawdown request or instruction or any other information otherwise related to any application for Services in connection with any payment screening requirements; and/or (d) the performance of Applicant due diligence;
<b>Fund</b>	a separate portfolio of assets which is invested in accordance with the investment objective and policies as set out in the relevant Supplement and to which all liabilities, income and expenditure attributable or allocated to such Fund shall be applied and charged;
<b>Funds</b>	all or some of the Funds as the context requires and any other Funds as may be established by the Manager from time to time with the prior approval of the Central Bank;
<b>Green Card Holder</b>	An individual who is a US permanent resident (even if they do not actually reside in the US);
<b>Gross Income</b>	all dividends, interest income and all other income earned by a Fund to which each Unitholder is beneficially entitled (including "manufactured" dividends paid by borrowers of a Fund's securities, which are the subject of a securities lending transaction on the same basis as if such income has been derived from dividends paid by the issuer of the relevant securities as if such securities had not been on loan at the time of the payment of such dividend) as these items of income arise in the Fund, keeping the same character and the same source as if received directly from the source, during a Gross Income Period and payable to the Unitholders of the Fund calculated and as may be adjusted as aforesaid;
<b>Gross Income Date</b>	the date or dates by reference to which a Gross Income Payment may at the discretion of the Manager be declared and paid;
<b>Gross Income Payment</b>	the payment of Gross Income, on at least a yearly basis by electronic transfer;
<b>Gross Income Period</b>	any period ending on an Accounting Date or a Gross Income Date as the Manager may select and beginning on the day following the last preceding Accounting Date or the day following the last preceding Gross Income Date or the date of the initial issue of Units of a Fund as the case may be;
<b>Gross Income Unit Classes</b>	are Unit Classes in a Fund in respect of which Gross Income Payments may be distributed;
<b>HSBC Group</b>	collectively and individually, HSBC Holdings plc, its affiliates, subsidiaries, associated entities and any of their branches and offices, and any member of the HSBC Group;
<b>Index</b>	such index as specified in the Supplement for the relevant Fund;
<b>Index Provider</b>	HSBC Global Asset Management Ltd or any successor provider of the relevant Index or such third party index provider as may be specified in the Supplement for the relevant Fund;
<b>Initial Issue Price</b>	the price per Unit at which Units are initially offered in a Fund or Class during the Initial Offer Period as specified in the Supplement for the relevant Fund;
<b>Initial Offer Period</b>	the period during which Units in a Fund are initially offered at the Initial Issue Price as specified in the Supplement for the relevant Fund;

<b>Investment Company Act</b>	the United States Investment Company Act of 1940 as amended;
<b>Investment Grade</b>	securities rated, at the time of purchase, Baa3 or above by Moody's, BBB- or above by Standard & Poor's or BBB- or above by Fitch or an equivalent rating from another ECAI unless otherwise disclosed in the Supplement for a Fund;
<b>Investment Management Agreement</b>	an agreement between the Manager and the Investment Manager as substituted, amended, supplemented, novated or otherwise modified from time to time in accordance with the requirements of the Central Bank;
<b>Investment Manager</b>	HSBC Global Asset Management (UK) Limited, or any successor or addition thereto duly appointed in accordance with the requirements of the Central Bank and/or as specified in the Supplement in respect of each Fund as the investment manager for that relevant Fund;
<b>Ireland</b>	the Republic of Ireland;
<b>Issue Price</b>	the Net Asset Value per Unit of the relevant Fund or Class as at the Valuation Point for the relevant Dealing Day plus a provision for any duties and charges as set out in this Prospectus or in the relevant Supplement;
<b>Manager</b>	Carne Global Fund Managers (Ireland) Limited or any successor or addition thereto duly appointed in accordance with the requirements of the Central Bank;
<b>Member State</b>	a member state of the European Union;
<b>Minimum Additional Investment Amount</b>	such minimum cash amount or minimum number of Units (if any) as the Manager may prescribe as the minimum additional investment amount required by each Unitholder for Units in a Fund or Class thereof (after investing the Minimum Initial Investment Amount) as is specified in the Supplement for the relevant Fund;
<b>Minimum Fund Size</b>	such amount (if any) as the Manager may decide for a Fund and as set out in the Supplement for the relevant Fund;
<b>Minimum Initial Investment Amount</b>	such minimum cash amount or minimum number of Units (if any) as the Manager may from time to time determine as the minimum initial investment amount required by each Applicant for Units in a Fund or Class thereof as is specified in the Supplement for the relevant Fund;
<b>Minimum Unitholding</b>	such minimum number or minimum value of Units (if any) which must be held at any time by a Unitholder as is specified in the Supplement for the relevant Fund;
<b>Money Market Instruments</b>	instruments normally dealt in on the money markets which are liquid and have a value that can be accurately determined at any time;
<b>Net Asset Value</b>	in respect of the assets of a Fund or attributable to a Class thereof the amount determined in accordance with the Deed of Constitution as described in the <b>Calculation of Net Asset Value/Valuation of Assets</b> section of this Prospectus;
<b>Net Asset Value per Unit</b>	the Net Asset Value of a Fund divided by the number of Units in issue in that Fund or the Net Asset Value attributable to a Class divided by the number of Units issued in that Class rounded to such number of decimal places as the Manager may determine in accordance with the Deed of Constitution and as further described in the <b>Calculation of Net Asset Value/Valuation of Assets</b> section below as the Net Asset Value per Unit;

<b>Net Redemption</b>	where total redemptions of a Fund exceed total subscriptions;
<b>Net Subscription</b>	where total subscriptions of a Fund exceed total redemptions;
<b>Non-Member State</b>	a state which is not a Member of the European Union;
<b>OECD</b>	the Organisation for Economic Co-operation and Development;
<b>OECD Member State</b>	a member state of the OECD;
<b>OTC derivative</b>	a Financial Derivative Instrument dealt in over the counter;
<b>Partial Currency Hedged Unit Class</b>	a Currency Unit Class whose denominated currency is hedged against certain underlying portfolio currency exposures;
<b>Paying Agent</b>	one or more paying agents that may be appointed by the Manager in certain jurisdictions;
<b>Personal Data</b>	any information relating to an Applicant which can identify that Applicant and which can include sensitive personal data;
<b>Prospectus</b>	the current prospectus of the CCF and any Supplements and addenda thereto;
<b>REIT or Real Estate Investment Trust</b>	An entity that is dedicated to owning, and in most cases, managing real estate. This may include, but is not limited to, real estate in the residential (apartments), commercial (shopping centres, offices) and industrial (factories, warehouses) sectors. Certain REITs may also engage in real estate financing transactions and other real estate development activities.
<b>Redemption Price</b>	the Net Asset Value per Unit of the relevant Fund or Class as at the Valuation Point for the relevant Dealing Day less any duties and charges as set out in this Prospectus or in the relevant Supplement;
<b>Redemption Proceeds</b>	the amount due on the redemption of Units;
<b>Regulated Market</b>	any exchange or market on which the CCF may invest and which is regulated, recognised, open to the public and operating regularly as defined in EU directive 2004/39/EC on markets in financial instruments and which is set out in Appendix I hereto;
<b>Regulations</b>	the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011, as amended by the European Union (Undertakings for Collective Investment in Transferable Securities) (Amendment) Regulations 2016 and as may be further amended from time to time and any rules, regulations or notices made by the Central Bank pursuant to them which are applicable to the CCF;
<b>Related Companies</b>	has the meaning assigned thereto in Section 2(10) of the Companies Act, 2014, as amended from time to time. In general this states that companies are related where 50% of the paid up unit capital of, or 50% of the voting rights in, one company are owned directly or indirectly by another company;
<b>Securities Act</b>	the United States Securities Act of 1933, as amended;
<b>Settlement Date</b>	in respect of receipt of monies for subscription for Units or dispatch of monies for the redemption of Units, unless otherwise approved by the Manager and notified to the Administrator, the date specified in the Supplement for the relevant Fund. In the case of redemptions this date will be no more than ten

	Business Days after the relevant Dealing Deadline;
<b>Service Provider</b>	any entity that provides Services to the CCF;
<b>Services</b>	(without limitation) (a) the opening and maintaining of the Applicant's accounts, (b) the provision of credit facilities and other banking products and services to the Applicant, including broker, agency, custodian, clearing or technology procuring services, (c) investment management or other services to the CCF and (d) the maintenance of HSBC's overall relationship with the Applicant;
<b>SFDR</b>	means the EU Sustainable Finance Disclosure Regulation (2019/2088) on sustainability-related disclosures in the financial services sector as amended, supplemented, consolidated, superseded or otherwise modified from time to time;
<b>SFDR L2</b>	means the Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports, as may be amended from time to time;
<b>Significant Market</b>	any market and/or exchange or combination of markets and/or exchanges where the value of the Fund's investments in those markets and/or exchanges exceeds 30% of the Net Asset Value of the relevant Fund, calculated on a yearly basis unless the Manager determines that a different percentage and/or date should apply which it believes to be more appropriate as specified in the relevant Fund Supplement;
<b>Sterling, Pound, GBP, £</b>	the lawful currency of the United Kingdom or any successor currency thereto;
<b>Supplement</b>	any supplement to the Prospectus issued on behalf of the CCF from time to time;
<b>Swing Pricing</b>	in respect of each Fund, the adjustment by way of an addition or deduction (as appropriate) when calculating the Issue Price and/or the Redemption Price for Units on any Dealing Day, when there are net subscriptions and/or redemptions (as appropriate) to cover any dealing costs and to preserve the value of the underlying assets of the relevant Fund and which such adjustment may be retained for the benefit of the relevant Fund;
<b>Tax Authorities</b>	domestic or foreign tax, revenue, fiscal or monetary authorities;
<b>Tax Information</b>	in respect of an applicant that is an entity, any documentation or information for the entity or the entity's individual beneficial owner, "substantial owners" or "controlling persons" relating, directly or indirectly, to (a) Entity Status Information; or (b) an individual or an individual's identity or tax status (where such individual is a "controlling person", "substantial owner" (as defined above) or beneficial owner of a designated account), including but not limited to such individual's name(s), residential address(es), age, date of birth, place of birth, nationality, citizenship, tax residence, domicile for tax purposes, tax identification number (if appropriate) personal and marital status (and where applicable Forms W-9 and Forms W-8, as issued by the Internal Revenue Service of the United States of America as amended, supplemented or substituted from time to time);
<b>Taxonomy Regulation</b>	means the Regulation EU 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment as amended, supplemented, consolidated, superseded or otherwise modified from time to time;

<b>TCA</b>	the Irish Taxes Consolidation Act, 1997, as amended from time to time;
<b>Tracking Error</b>	The volatility of the differences in returns between a Fund and its reference Index;
<b>Transferable Securities</b>	shall have the meaning prescribed in the Central Bank UCITS Regulations;
<b>UCITS</b>	an undertaking for collective investment in Transferable Securities established pursuant to the UCITS Directive;
<b>UCITS Directive</b>	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities as amended by Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directives 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions and as may be further amended from time to time;
<b>UK Representative</b>	means HSBC Global Asset Management (UK) Limited or any successor thereto duly appointed by the Manager as UK Representative of the CCF in the UK;
<b>Unhedged Currency Unit Class</b>	a Class of Units where typically, Units may be applied and paid for, income payments calculated and paid and redemption proceeds paid in a currency other than the Base Currency of the relevant Fund on the basis of a currency conversion at the prevailing spot currency exchange rate of the relevant Base Currency for the currency of the relevant Class of Units;
<b>United Kingdom and UK</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>United States and US</b>	the United States of America, (including each of the states, the District of Columbia and the Commonwealth of Puerto Rico) its territories, possessions and all other areas subject to its jurisdiction;
<b>Units</b>	units in the CCF representing interests in the assets of a Fund and where the context so permits or requires any Class of participating units representing interests in a Fund and Unit means any one of them.
<b>Unitholders</b>	registered holders of Units, and each a Unitholder;
<b>US Citizen</b>	An individual born in the US or an individual whose parent is a US citizen or a former alien who has been naturalised as a US citizen.
<b>US Dollars, USD, US\$ Dollars and \$</b>	the lawful currency of the United States or any successor currency;
<b>US Law</b>	The laws of the US, its territories, possessions and all other areas subject to its jurisdiction. US Law shall additionally include all applicable rules and regulations, as supplemented and amended from time to time, as promulgated by any US regulatory authority, including, but not limited to, the Securities and Exchange Commission and the Commodity Futures Trading Commission.
<b>US Person</b>	Units of the CCF may not be offered or sold to any "US Person" ("USP"). For the purpose of this restriction, the term US Person have the meaning as follows: <ol style="list-style-type: none"> <li>1. An individual (including a US Citizen or Green Card Holder) who is a resident of the US under any US Law;</li> </ol>

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2. An individual who is a US Citizen or Green Card Holder who has not formally renounced their US citizenship (including a person with dual or multiple nationality) even though they may reside outside of the US;
  3. A corporation, partnership, limited liability company, collective investment vehicle, investment company, pooled account, or other business, investment, or legal entity:
    - a. Created or organised under US Law; or
    - b. Created (regardless of domicile of formation or organisation) principally for passive investment (for example, an investment company, fund or similar entity excluding employee benefit or pension plans); and
      - i. Owned directly or indirectly by one or more USPs who hold, directly or indirectly, in aggregate a 10% or greater beneficial interest, provided that any such USP is not defined as a Qualified Eligible Person under CFTC Regulation 4.7(a); or
      - ii. Where a USP is the general partner, managing member, managing director or other position with authority to direct the entity's activities; or
      - iii. Where the entity was formed by or for a USP principally for the purpose of investing in securities not registered with the SEC unless such entity is comprised of Accredited Investors, as defined in Regulation D, 17 CFR 230.501(a), and no such Accredited Investors are individuals or natural persons; or
      - iv. Where more than 50% of its voting ownership interests or non-voting ownership interests are directly or indirectly owned by USPs; or
    - c. That is an agency or branch of a non-US entity located in the US;
    - d. That has its principal place of business in the US.
  4. A trust:
    - a. created or organised under US Law; or
    - b. where, regardless of domicile of formation or organisation:
      - i. Any settler, founder, trustee, or other person responsible in whole or in part for investment decisions for the trust is a USP;
      - ii. the administration of the trust or its formation documents are subject to the supervision of one or more US courts; or
      - iii. The income of which is subject to US income tax regardless of source.
  5. An estate of a deceased person:
    - a. who was a resident of the US at the time of death or the income of which is subject to US income tax regardless of source; or
    - b. where, regardless of the deceased person's residence while alive, an executor or administrator having sole or shared investment discretion is a USP or the estate is governed by US Law.
  6. An employee benefit or pension plan that is:
    - a. established and administered in accordance with US Law; or
    - b. established for employees of a legal entity that is a USP or has its principal place of business in the US.
  7. A discretionary or non-discretionary or similar account (including a joint account) where:
    - a. one or more beneficial owners is a USP or held for the benefit of one or more USPs; or
    - b. the discretionary or similar account is held by a dealer or fiduciary organised in the US.

If, subsequent to a Unitholder's investment in the CCF, the Unitholder becomes a US Person, such Unitholder (i) will be restricted from making any additional investments in the CCF and (ii) as soon as practicable have its Units compulsorily redeemed by the CCF (subject to the requirements of the Deed of Constitution and the applicable law).

The CCF may, from time to time, waive or modify the above restrictions.

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**Valuation Point** the point in time by reference to which the Net Asset Value of a Fund and the Net Asset Value per Unit are calculated as specified in the Supplement in respect of a Fund.

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### 3. Funds

The CCF is an umbrella common contractual fund constituted by a Deed of Constitution entered into by the Manager and the Depositary. As such, the CCF, including its Funds, is not an incorporated entity and does not have a separate legal personality. Instead, it is simply a description of a form of undivided co-ownership by contractual arrangement whereby persons who acquire Units and become legal Unitholders in the CCF will have co-ownership rights to the property of the relevant Fund of the CCF and the income that is derived from such property. In this Prospectus, a reference to the CCF shall, unless the context otherwise requires, be read as a reference to the Manager acting on behalf of the Unitholders of the CCF or the Unitholders of a particular Fund of the CCF, as the undivided co-owners of the property of the Funds of the CCF and the income that is derived from such property.

The CCF is authorised in Ireland by the Central Bank pursuant to the Regulations. The general terms of the CCF as set out in the Deed of Constitution are binding on all Unitholders acquiring Units in the CCF. The sole object of the CCF is the collective investment in Transferable Securities and/or other liquid financial assets of capital raised from Unitholders and which operates on the principle of risk spreading.

The CCF has segregated liability between its Funds and accordingly any liability incurred on behalf of or attributable to any Fund shall be discharged solely out of the assets of that Fund.

Units will be issued in relation to each Fund. Different classes of Units may also be issued in relation to any Fund subject to notifying and clearing in advance with the Central Bank the creation of each class of Units and the different classes of Units available for issue in each Fund will be set out in the relevant Supplement. Different classes of Units may be established to reflect different Applicant profiles, including the taxation status of the Applicant. Investors participating in the same Class of Units must all be entitled to the same tax treatment under any relevant taxation treaties in order to allow them to benefit from such treaties. The different classes of Units in a Fund may or may not be a Currency Hedged Unit Class and may, inter alia, have different charging structures and the Minimum Initial Investment Amount therefore may also differ. Details of such structures and amounts shall be set out in the Supplement for the relevant Fund. The different classes of Units within a Fund together represent interests in a single pool of assets.

The liability of each Applicant shall be limited to the amount payable for the Units for which the Applicant has agreed to subscribe. All Unitholders are entitled to the benefit of, are bound by and are deemed to have notice of the provisions of the Deed of Constitution, copies of which are available from the Manager or UK Representative. Each Unit represents one undivided co-ownership interest as tenants in common with other holders of Units in the assets of a Fund.

#### 3.1. Investment Objective and Policies

The investment objective and policies of each Fund will be formulated by the Manager at the time of the creation of the Fund. Details of the investment objective and policies for each Fund of the CCF appear in the Supplement for the relevant Fund.

Any change to the investment objective or a material change to investment policies of a Fund as disclosed in the Supplement in respect of the Fund will be subject to the prior written approval of all Unitholders of the Fund or approval on the basis of a simple majority of votes cast at a general meeting of the relevant Fund duly convened or held. Subject and without prejudice to the preceding sentence of this paragraph, in the event of a change of investment objective and/or material change to the investment policies of a Fund on the basis of a simple majority of votes cast at a general meeting of the Unitholders of the Fund, a reasonable notification period must be given to each Unitholder of the Fund to enable a Unitholder to have its Units repurchased prior to the implementation of such change.

The Investment Manager has been given full discretion in the investment and reinvestment of the assets of each Fund, provided that it complies with the Fund's investment objective, policies and restrictions in exercising that discretion. Each Fund's asset allocation shall be determined solely by the Investment Manager. Accordingly, the

exposure of each Fund to individual issuers, instruments or markets shall be determined from time to time solely by the Investment Manager in accordance with the requirements of the Central Bank.

Under the rules of Euronext Dublin, in the absence of unforeseen circumstances, the investment objective and policies for each Fund must be adhered to for at least three years following the admission of the Units of the relevant Fund to listing on the official list and trading on the main securities market of the Euronext Dublin. The rules also provide that any material change in the investment objective of a Fund or its policies during the said period may only be made with the approval of Euronext Dublin and an ordinary resolution of the Unitholders of the relevant Fund.

The list of Regulated Markets on which a Fund's investments in securities and FDIs, other than permitted investments in unlisted securities and over the counter derivative instruments, will be listed or traded is set out in Appendix I.

## 3.2. Investment Restrictions

The investment restrictions for each Fund will be formulated by the Manager at the time of the creation of the Fund. The Deed of Constitution provides that investments may only be made as permitted by the Deed of Constitution and the Regulations.

The following general investment restrictions apply to each Fund except where restrictions are expressly or implicitly disapplied in accordance with the requirements of the Central Bank. In that case, the Supplement for the relevant Fund will set out the extent to which such investment restrictions do not apply and specify if any additional restrictions apply.

### 3.2.1. Permitted Investments

Investments of a Fund must be confined to:

- 3.2.1.1. Transferable Securities and Money Market Instruments which are either admitted to official listing on a stock exchange in a Member State or Non-Member State or which are dealt on a market which is regulated, operates regularly, is recognised and open to the public in a Member State or Non-Member State and is listed in Appendix I;
- 3.2.1.2. recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described above) within a year;
- 3.2.1.3. Money Market Instruments other than those dealt in on a Regulated Market;
- 3.2.1.4. shares or units of UCITS;
- 3.2.1.5. shares or units of non-UCITS;
- 3.2.1.6. deposits with credit institutions; and
- 3.2.1.7. FDIs.

### 3.2.2. Investment Limits

- 3.2.2.1. A Fund may invest no more than 10% of its Net Asset Value in Transferable Securities and Money Market Instruments other than those referred to in paragraph 3.2.1 **Permitted Investments** above.
- 3.2.2.2. A Fund may invest no more than 10% of its Net Asset Value in recently issued Transferable Securities which will be admitted to official listing on a stock exchange or other market (as described in paragraph 3.2.1.1) within a year. This restriction will not apply in relation to investment by a Fund in certain U.S.

securities known as Rule 144A securities provided that the securities are issued with an undertaking to register with the U.S. Securities and Exchange Commission within one year of issue and the securities are not illiquid securities, i.e. they may be realised by the Fund within seven days at the price, or approximately at the price, at which they are valued by the Fund.

- 3.2.2.3. A Fund may invest no more than 10% of its Net Asset Value in Transferable Securities or Money Market Instruments issued by the same body provided that the total value of Transferable Securities and Money Market Instruments held in the issuing bodies in each of which it invests more than 5% is less than 40%.
- 3.2.2.4. Subject to the prior approval of the Central Bank, the limit of 10% (as described in paragraph 3.2.2.3 above) is raised to 25% in the case of bonds that are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bond-holders. If a Fund invests more than 5% of its Net Asset Value in these bonds issued by one issuer, the total value of these investments may not exceed 80% of the net asset value of the Fund.
- 3.2.2.5. The limit of 10% (as described in paragraph 3.2.2.3 above) is raised to 35% if the Transferable Securities or Money Market Instruments are issued or guaranteed by a Member State or its local authorities or by a Non-Member State or public international body of which one or more Member States are members.
- 3.2.2.6. The Transferable Securities and Money Market Instruments referred to in paragraphs 3.2.2.4 and 3.2.2.5 above shall not be taken into account for the purpose of applying the limit of 40% referred to in paragraph 3.2.2.3.
- 3.2.2.7. A Fund may not invest more than 20% of its Net Asset Value in deposits made with the same body.
- 3.2.2.8. The risk exposure of a Fund to a counterparty to an OTC derivative may not exceed 5% of its Net Asset Value.
- 3.2.2.9. This limit is raised to 10% in the case of credit institutions authorised in the EEA, credit institutions authorised within a signatory state (other than an EEA Member State) to the Basle Capital Convergence Agreement of July 1988 or a credit institution authorised in Jersey, Guernsey, the Isle of Man, Australia or New Zealand.
- 3.2.2.10. Notwithstanding paragraphs 3.2.2.3, 3.2.2.7 and 3.2.2.8 above, a combination of two or more of the following issued by, or made or undertaken with, the same body may not exceed 20% of a Fund's Net Asset Value: investments in Transferable Securities or Money Market Instruments; deposits; and/or risk exposures arising from OTC derivatives transactions.
- 3.2.2.11. The limits referred to in paragraphs 3.2.2.3, 3.2.2.4, 3.2.2.5, 3.2.2.7, 3.2.2.8 and 3.2.2.9 above may not be combined, so that exposure to a single body shall not exceed 35% of a Fund's Net Asset Value.
- 3.2.2.12. Group companies are regarded as a single issuer for the purposes of paragraphs 3.2.2.3, 3.2.2.4, 3.2.2.5, 3.2.2.7, 3.2.2.8 and 3.2.2.9 above. However, a limit of 20% of a Fund's Net Asset Value may be applied to investment in Transferable Securities and Money Market Instruments within the same group.
- 3.2.2.13. A Fund may invest up to 100% of its Net Asset Value in different Transferable Securities and Money Market Instruments issued or guaranteed by any Member State, its local authorities, Non-Member State or public international body of which one or more Member States are members.
- 3.2.2.14. The individual issuers may be drawn from the following list:

3.2.2.15. OECD Governments (provided the relevant issues are investment grade), Government of the People's Republic of China, Government of Brazil (provided the issues are of investment grade), Government of India (provided the issues are of investment grade), Government of Singapore, European Investment Bank, European Bank for Reconstruction and Development, International Finance Corporation, International Monetary Fund, Euratom, The Asian Development Bank, European Central Bank, Council of Europe, Eurofima, African Development Bank, International Bank for Reconstruction and Development (The World Bank), The Inter American Development Bank, European Union, Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Government National Mortgage Association (Ginnie Mae), Student Loan Marketing Association (Sallie Mae), Federal Home Loan Bank, Federal Farm Credit Bank, Tennessee Valley Authority and Straight-A Funding LLC.

3.2.2.16. The Fund must hold securities from at least six different issuers, with securities from any one issuer not exceeding 30% of net assets.

### 3.2.3. Investment in other collective investment schemes

3.2.3.1. A Fund may not invest more than 10% of its Net Asset Value in any one CIS and may not invest, in total, more than 10% of its Net Asset Value in CIS.

3.2.3.2. Investment in non-UCITS CIS may not, in aggregate, exceed 10% of the Fund's Net Asset Value.

3.2.3.3. A Fund may not invest in another single structure CIS or a sub-fund of an umbrella CIS, which itself invests more than 10% of its net assets in other CIS.

3.2.3.4. When a Fund invests in the shares or units of other CIS that are managed, directly or by delegation, by the Investment Manager or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding, the Investment Manager or other company may not charge subscription, switching or redemption fees on account of the investment by the Fund in the shares or units of such other CIS.

3.2.3.5. Where a commission (including a rebated commission) is received by the Investment Manager by virtue of an investment in the shares or units of another CIS, this commission must be paid into the property of the Fund.

3.2.3.6. Investment by a Fund in another Fund of the CCF is subject to the following additional provisions:

- a. investment must not be made in a Fund which itself holds Units in another Fund within the CCF; and
- b. the investing Fund may not charge an annual management fee in respect of that portion of its assets invested in other Funds within the CCF. This provision is also applicable to the annual fee charged by the Investment Manager where such fee is paid directly out of the assets of the Fund.

### 3.2.4. Index Tracking UCITS

3.2.4.1. A Fund may invest up to 20% of its Net Asset Value in shares and/or debt securities issued by the same body where the investment policy of the Fund is to replicate an index which satisfies the criteria set out in the Central Bank UCITS Regulations and is recognised by the Central Bank.

3.2.4.2. The limit in paragraph 3.2.4.1 above may be raised to 35%, and applied to a single issuer, where this is justified by exceptional market conditions.

### 3.2.5. General Provisions

3.2.5.1. The Manager acting in connection with all of the CIS it manages, may not acquire any shares carrying voting rights that would enable it to exercise significant influence over the management of an issuing body.

3.2.5.2. A Fund may acquire no more than:

- a. 10% of the non-voting shares of any single issuing body;
- b. 10% of the debt securities of any single issuing body;
- c. 25% of the shares or units of any single CIS;
- d. 10% of the Money Market Instruments of any single issuing body.

NOTE: The limits laid down in sub-paragraphs b, c and d above may be disregarded at the time of acquisition if at that time the gross amount of the debt securities or of the Money Market Instruments, or the net amount of the securities in issue cannot be calculated.

3.2.5.3. Paragraphs 3.2.5.1 and 3.2.5.2 above shall not be applicable to:

- a. Transferable Securities and Money Market Instruments issued or guaranteed by a Member State or its local authorities;
- b. Transferable Securities and Money Market Instruments issued or guaranteed by a Non-Member State;
- c. Transferable Securities and Money Market Instruments issued by public international bodies of which one or more Member States are members;
- d. shares held by a Fund in the capital of a company incorporated in a Non-Member State which invests its assets mainly in the securities of issuing bodies having their registered offices in that Non-Member State, where under the legislation of that Non-Member State such a holding represents the only way in which the Fund can invest in the securities of issuing bodies of that Non-Member State. This waiver is applicable only if in its investment strategies the company from the Non-Member State complies with the limits laid down in paragraphs 3.2.2.3, 3.2.2.11, 3.2.3.1, 3.2.3.2, 3.2.5.1, 3.2.5.2 above and paragraphs 3.2.5.4, 3.2.5.5 and 3.2.5.6 below, and provided that where these limits are exceeded, paragraphs 3.2.5.5 and 3.2.5.6 below are observed;
- e. shares held by an investment company or investment companies in the capital of subsidiary companies carrying on only the business of management, advice or marketing in the country where the subsidiary is located, in regard to the redemption of shares or units at the request of share or unit holders exclusively on their behalf.

3.2.5.4. A Fund need not comply with the investment restrictions herein when exercising subscription rights attaching to Transferable Securities or Money Market Instruments that form part of their assets.

3.2.5.5. The Central Bank may allow recently authorised Funds to derogate from the provisions of paragraphs 3.2.2.3 to 3.2.2.12, 3.2.3.1, 3.2.3.2, 3.2.4.1 and 3.2.4.2 above for six months following the date of their authorisation, provided they observe the principle of risk spreading.

3.2.5.6. If the limits laid down herein are exceeded for reasons beyond the control of a Fund, or as a result of the exercise of subscription rights, the Fund must adopt as a priority objective for its sales transactions the remedying of that situation, taking due account of the interests of its Unitholders.

3.2.5.7. The Manager may not carry out uncovered sales of Transferable Securities; Money Market Instruments; shares or units of CIS; or FDIs.

3.2.5.8. A Fund may hold ancillary liquid assets.

### 3.2.6. Financial Derivative Instruments (FDIs)

3.2.6.1. A Fund's global exposure relating to FDIs must not exceed its total net asset value.

3.2.6.2. Position exposure to the underlying assets of FDIs, including embedded FDIs in Transferable Securities or Money Market Instruments, when combined where relevant with positions resulting from direct investments, may not exceed the investment limits set out in the Central Bank UCITS Regulations (This provision does not apply in the case of index based FDIs provided the underlying index is one which meets with the criteria set out in Regulation 71(1) of the Central Bank UCITS Regulations).

3.2.6.3. A Fund may invest in FDIs dealt in over-the-counter (OTC) provided that the counterparties to the OTC transactions are institutions subject to prudential supervision and belonging to categories approved by the Central Bank.

3.2.6.4. Investment in FDIs are subject to the conditions and limits laid down by the Central Bank.

## 3.3. Borrowing and Lending Powers and Restrictions

The Manager, in respect of a Fund, may borrow up to 10% of a Fund's Net Asset Value at any time and the Manager may instruct the Depository to charge the assets of such Fund as security for any such borrowing, provided that such borrowing is only for temporary purposes. Credit balances (e.g. cash) may not be offset against borrowings when determining the percentage of borrowings outstanding. The Fund may acquire foreign currency by means of a back to back loan agreement(s). Foreign currency obtained in this manner is not classed as borrowings for the purposes of the borrowing restrictions set out above provided that the offsetting deposit equals or exceeds the value of the foreign currency loan outstanding. Where the offsetting deposit is not denominated in the Base Currency of the relevant Fund, changes in the exchange rate between the Base Currency and the currency of the offsetting deposit may lead to a depreciation of the value of the offsetting deposit as expressed in the Base Currency.

Without prejudice to the powers of the Fund to invest in Transferable Securities, Money Market Instruments and other financial instruments referred to in paragraph 1 of the Investment Restrictions under the heading Permitted Investments above, the Fund may not lend to, or act as guarantor on behalf of, third parties.

A Fund may acquire Transferable Securities, Money Market Instruments and other financial instruments referred to in paragraph 1 of the Investment Restrictions above which are not fully paid. The Fund may not carry out uncovered sales of Transferable Securities, Money Market Instruments and other financial instruments.

A Fund may engage in leverage through the use of FDIs to the extent permitted by the Central Bank UCITS Regulations. The extent to which a Fund may be leveraged, if any, will be set out in the relevant Supplement.

Any particular borrowing restrictions for a Fund will appear in the Supplement for the relevant Fund.

## 3.4. Changes to Investment and Borrowing Restrictions

It is intended that the Manager shall have the power (subject to the prior approval of the Central Bank) to avail itself of any change in the investment and borrowing restrictions specified in the Regulations which would permit investment by the CCF in securities, derivative instruments or in any other forms of investment in which investment is at the date of this Prospectus restricted or prohibited under the Regulations.

## 3.5. Utilisation of FDIs and Efficient Portfolio Management

The Investment Manager on behalf of a Fund may employ investment techniques and instruments for efficient portfolio management of the assets of the Fund, including hedging against market movements, currency exchange

or interest rate risks in accordance with the conditions and within the limits stipulated by the Central Bank under the Regulations and as described below. In this context, efficient portfolio management refers to techniques and instruments which relate to Transferable Securities which fulfil the following criteria:

They are economically appropriate in that they are realised in a cost-effective way and investment decisions involving transactions that are entered into for one or more of the following specific aims:

- a. the reduction of risk (e.g. to perform an investment hedge on a portion of a portfolio);
- b. the reduction of cost (e.g. short term cash flow management or tactical asset allocation);
- c. the generation of additional capital or income for the Fund with an appropriate level of risk, taking into account the risk profile of the Fund as described in the Supplement for the Fund and the risk diversification rules in Regulation 70(1)(c) of the Central Bank UCITS Regulations.

### Use of FDIs

Where disclosed in the Supplement for a Fund, a Fund may utilise FDI for investment purposes and/or for efficient portfolio management purposes, including for hedging against market movements, currency exchange or interest rate risks, subject to the general restrictions outlined in the **Investment Restrictions** section above. A Risk Management Process (**RMP**) has been submitted to, and cleared by, the Central Bank. If additional types of FDI are to be used by any Fund, a revised RMP must be submitted to and cleared by the Central Bank in advance of the Fund utilising such instruments. The use of FDI introduces an additional exposure of counterparty risk to the relevant Fund, although this is controlled and monitored according to the diversification and concentration requirements of the Regulations. The use of instruments/techniques for efficient portfolio management purposes will not change the objective of the relevant Fund or add supplementary risks in comparison to the original risk policy of the relevant Fund.

When using FDI as part of efficient portfolio management techniques and instruments, a Fund may incur operational costs and such costs will be paid by the relevant Fund to the counterparty with which the Investment Manager has entered into a relevant agreement. Such counterparties will be disclosed in the annual report of the CCF which will also contain details of (a) the counterparty exposure obtained through efficient portfolio management techniques, (b) the type and amount of collateral received by the relevant Fund to reduce counterparty exposure and (c) revenues arising from efficient portfolio management techniques for the reporting period, together with direct and indirect costs and fees incurred (which will not include any hidden revenue). Where relevant, any relationship between the counterparty and Investment Manager or Depositary will be disclosed. The CCF shall be entitled to receive the balance of all revenues generated from efficient portfolio management techniques, net of the direct and indirect operational costs and fees (which will not include any hidden revenue), for the account of the relevant Fund. Revenues received by third party facilitators (e.g. third-party agent lenders or broker-dealers) or affiliates, must be commercially justifiable given the level of service.

FDI used for efficient portfolio management may be used by a Fund for hedging purposes. Hedging is a technique used for minimising an exposure created from an underlying position by counteracting such exposure by means of acquiring an offsetting position. The positions taken for hedging purposes will not be allowed to exceed materially the value of the assets that they seek to offset. Where a Fund enters into OTC FDI transactions, they will only be executed with approved counterparties and will at all times be governed by a legally enforceable bilateral ISDA and an accompanying Credit Support Annex except if the counterparty to the transaction is the Depositary or one of its affiliates. The CCF does not currently intend to accept any non-cash collateral from a counterparty to a OTC FDI transaction and this Prospectus will be updated to disclose the relevant collateral policy with respect to OTC FDI transactions should the CCF decide to accept non-cash collateral in the future.

To the extent that a Fund uses FDI, there may be a risk that the volatility of the Fund's Net Asset Value may increase. However, a Fund is not expected to have an above average risk profile as a result of use of FDI. Although a Fund will be leveraged as a result of its use of FDI, the Fund's global exposure (as prescribed in the Central Bank UCITS Regulations) relating to the use of FDI will not exceed its total net assets, ie the Fund may not be leveraged in excess

of 100% of its Net Asset Value. The global exposure and leverage of each Fund which uses FDI will be calculated using the commitment approach. The commitment approach converts a Fund's FDI positions into the equivalent positions in the underlying assets and seeks to ensure that the FDI risk is monitored in terms of any future "commitments" to which it is (or may be) obligated. Investors should refer to the section entitled "Risk Factors" for information in relation to the risks associated with the use of FDI.

The Investment Manager employs a RMP in respect of each Fund which utilises FDI and which enables it to accurately measure, monitor and manage the various risks associated with FDI. On request, supplementary information will be provided to Unitholders relating to the risk management methods employed including the quantitative limits that are applied and any recent developments in the risk and yield characteristics of the main categories of investment.

### 3.6. Unit Class Hedging

Whilst a Fund may offer Unit Classes which are denominated in currencies other than the Fund Base Currency, a Fund may also offer Unit Classes which provide various currency hedging strategies (collectively the **Currency Hedged Unit Classes**).

- a. Unit Classes which seek to hedge the Base Currency of the Fund (and not the underlying portfolio currency exposures) back to the currency denomination of the Unit Class (individually a **Base Currency Hedged Unit Class**, collectively the **Base Currency Hedged Unit Classes**).

For example, in the case of a EUR denominated Unit Class where the Base Currency of the Fund is USD, following a EUR subscription into the Unit Class, the EUR will be converted into USD whilst entering into a USD/EUR currency forward transaction with the aim of creating a hedged exposure from USD back to EUR. This means an investor in this Unit Class will be exposed to the movement of the underlying portfolio currencies relative to USD rather than being exposed to the underlying portfolio currencies relative to EUR.

Such a Unit Class would only be suitable for an investor who believes that the EUR will appreciate against USD or in other words the underlying portfolio currencies will appreciate more relative to USD rather than EUR. If instead the USD appreciates against EUR, the Unit Class will return less to the investor than if the investor had just invested in an unhedged class denominated in EUR.

- b. Unit Classes which seek to hedge some but not all underlying portfolio currency back to the currency denomination of the Unit Class (individually a **Partial Currency Hedged Unit Class**, collectively the **Partial Currency Hedged Unit Classes**).

Investors should be reminded that they will be exposed to currency fluctuations between the unhedged portfolio currency exposures and their home currency.

The successful execution of a hedging strategy cannot be assured. Any financial instruments used to implement such strategies with respect to one or more Currency Hedged Unit Class shall be assets/liabilities of the Fund as a whole but will be attributable to the relevant Currency Hedged Unit Class and the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Currency Hedged Unit Class. Any currency exposure of a Unit Class may not be combined with or offset against that of any other Unit Class.

Where a Currency Unit Class is to be hedged, this will be disclosed in the Supplement for the Fund in which such Class is issued. Currency Hedged Unit Classes will be hedged irrespective of whether the target currency is declining or increasing in value. No assurance can be given that the hedging objective will be achieved. Where the Investment Manager seeks to hedge against currency exchange rate fluctuations, while not intended, this could result in over-hedged or under-hedged positions due to external factors outside the control of the Investment Manager. Where utilised, the over-hedged positions will not exceed 105% of the Net Asset Value of the relevant Class and the under-hedged positions will not fall short of 95% of the Net Asset Value of the relevant Class and hedged positions will be kept under review to ensure that positions materially in excess of 100% of the Net Asset Value will not be carried

forward from month to month. In the case of Partial Currency Hedged Unit Classes the aforementioned limits relate to the portion of the portfolio being hedged.

In the case of an Unhedged Currency Unit Class, a currency conversion will take place on subscriptions, redemptions, and exchanges at prevailing exchange rates. The value of the Unit expressed in the Class currency will be subject to exchange rate risk in relation to the Base Currency of the relevant Fund.

Movements in currency exchange rates can materially impact investment returns and investors should ensure they fully understand the difference between investment in Base Currency Hedged Unit Classes, Partial Currency Hedged Unit Classes and Unhedged Currency Unit Classes.

A complete list of launched Unit Classes is available from the Investment Manager.

### 3.7. Gross Income Payment Policy

Subject as provided herein, the Manager will, if it thinks fit, pay the Gross Income of a Fund to Unitholders of that Fund as appears to the Manager to be justified with respect to any class of Units. The Manager may, in its absolute discretion, differentiate between the Units in any Fund and Units in different classes within the same Fund as to the Gross Income Payment declared on such Units, provided that any Gross Income Payments paid shall be relative to the Unitholder's participation in the relevant Class as set out in the Supplement for the relevant Fund. The Manager shall have the absolute right to decide whether a Gross Income Payment shall be made or not. The Unitholders are absolutely entitled to the income of the relevant Fund as it arises whether or not a Gross Income Payment is made.

It is anticipated that Accumulating Unit Classes may be available in certain Funds and accordingly, the Manager does not intend to pay Gross Income Payments in respect of the Accumulating Unit Classes; rather Gross Income will be retained by the Fund and reflected in the Net Asset Value of such Units and treated as accruing directly to the Unitholder. The Unitholders are absolutely entitled to the income of the relevant Fund as it arises whether or not a Gross Income Payment is made. Unless expressly designated as Accumulating Unit Classes in the Supplement of a relevant Fund, all Unit classes are Gross Income Unit Classes.

In determining the Gross Income Payment that may be made, a single income distribution rate per Unit will be calculated for distributions of Gross Income for each class of Units and shall be paid by electronic transfer on at least a yearly basis. The amount of Gross Income payable in respect of any Gross Income Period shall be a sum equal to the Gross Income (if any) received by the Fund which may be adjusted by the Manager as it deems appropriate as follows:

- a. addition or deduction of a sum by way of adjustments to allow for the effect of sales or purchases cum or ex-dividend
- b. addition of a sum representing any interest or dividends or other income accrued but not received by the Manager at the end of the Gross Income Period and deduction of a sum representing (to the extent that an adjustment by way of addition has been made in respect of any previous Gross Income Period) interest or dividends or other income accrued at the end of the previous Gross Income Period;
- c. addition of the amount (if any) available for payment in respect of the last preceding Gross Income Period but not paid in respect thereof;
- d. addition of a sum representing the estimated or actual repayment of tax resulting from any claims in respect of income tax relief or double taxation relief or otherwise applicable to the Unitholders participating in the relevant class of Units;
- e. deduction of the amount of any tax or other estimated or actual liability properly payable out of the Gross Income of the Fund;
- f. deduction of an amount representing participation in income paid upon the cancellation of Units during the Gross Income Period; and

- g. deduction of such amount as the Manager or its delegate may certify necessary in respect of any expenses, remuneration or other payments (including without limitation, administration expenses and disbursements) accrued during the Gross Income Period and properly payable out of the income or capital of the Fund.

In the absence of negligence, fraud or wilful default, the Manager shall not be responsible for any error in any estimates of tax repayments or double taxation relief expected to be obtained or of any sums payable by way of taxation or receivable as income. However, if the same shall not prove in all respects correct the Manager shall ensure that the relevant amounts shall be adjusted in the Gross Income Period in which a further or final settlement or determination is made of such tax repayment or relief or amount payable or receivable. No adjustment shall be made to any payment previously made.

The Manager shall ensure that there are sufficient funds upon completion of the sale of the investments agreed to be sold to include cash sufficient to pay any Gross Income.

Any Gross Income Payment not claimed within six years from their due date will lapse and revert to the relevant Fund or the remaining Funds should the relevant Fund no longer exist. No Gross Income Payment or other amount payable to any Unitholder shall bear interest against the Fund and the Manager.

Any failure to supply the Manager or the Administrator with any documentation requested by them for anti-money laundering or anti-fraud purposes may result in a delay in the settlement of Gross Income Payments. In such circumstances, any sums payable shall remain an asset of the Fund until such time as the Administrator is satisfied that its anti-money laundering and anti-fraud procedures have been fully complied with, following which such Gross Income Payment will be paid.

## 4. Risk Factors

### 4.1. General

The risks described below should not be considered to be an exhaustive list of the risks. Potential Unitholders should consider all of the information in this Prospectus and the relevant Supplement before investing in a Fund. Different risks may apply to different Funds and/or Classes. Details of risks specific to any Fund or Class in addition to those set out below will be disclosed in the relevant Supplement. Potential Unitholders should be aware that an investment in a Fund will be exposed to normal market fluctuations and other risks from time to time. Although care is taken to understand and manage the risks described below and in the relevant Supplement, the Funds and accordingly the Unitholders in the Funds will ultimately bear the risks associated with the investments of the Funds. Potential Unitholders should consult their professional financial and tax advisers before making an investment. The attention of Unitholders and potential Unitholders is also drawn to the taxation risks associated with investing in the CCF, an overview of which are set out in the Section of the Prospectus entitled **Taxation**.

Among the principal risks of investing in the Funds which could adversely affect their Net Asset Value, yield and total return, are:

### 4.2. General Risks

An investment in a Fund is neither insured nor guaranteed by any government, government agencies or instrumentalities or any bank guarantee fund. Units of a Fund are not deposits or obligations of, or guaranteed or endorsed by, any bank and the amount invested in Units may fluctuate up and/or down. An investment in a Fund involves certain investment risks, including the possible loss of principal and there is no assurance that any appreciation in the value of investments will occur or that the investment objective of a Fund will actually be achieved and results may vary substantially over time. A Fund's investment policy may carry considerable risks.

The Funds will be investing in assets selected by the Investment Manager in accordance with the respective investment objectives and policies of the Fund. The value of investments and the income from them, and therefore the value of and income from Units relating to each Fund, will be closely linked to the performance of such investments.

Past performance of the CCF or any Fund should not be relied upon as an indicator of future performance. The value of Units and the income from them may go down as well as up and, accordingly, an investor may not get back the full amount invested and an investment should only be made by Unitholders who can sustain a loss on their investment.

### 4.3. Common Contractual Funds

The CCF is an unincorporated entity which does not have a legal personality. The CCF has certain features which differentiate it from other types of collective investment schemes and rights which normally flow from ownership of Units. For example, unless the Manager otherwise determines at its sole discretion, the CCF will not hold Unitholder meetings, neither the Unitholders nor their successors shall have rights with respect to the representation and management of the CCF or any Fund and their failure or insolvency shall have no effect on the existence of the CCF or any Fund.

### 4.4. Reliance on the Manager, Investment Manager, Administrator and Depositary

The Unitholders will have no right to participate in the management of a Fund or in the control of its business. Accordingly, no investor should purchase any Units unless willing to entrust all aspects of management of the Fund to the Manager and all aspects of selection and management of the Fund's investments to the Investment Manager. The Fund's success will depend principally on the efforts of the Manager, the Investment Manager, the Administrator and the Depositary.

## 4.5. Risk Relating to Index Tracking

The CCF may offer Funds where the investment objective is to provide the Unitholders with a return linked to an Index (as set out in the relevant Supplement). These Funds may carry out their investment objective by investing in a portfolio of Transferable Securities or other eligible assets that may comprise all (or, on an exceptional basis, a substantial number of) the constituents of the Index, an optimised sample thereof, or unrelated Transferable Securities or other eligible assets. These Funds may not hold every constituent or the exact weighting of a constituent in the Index but instead may seek to gain exposure to an Index by utilising optimisation techniques and/or by investing in proxy securities that are not part of the Index. The extent to which such a Fund utilises optimisation techniques will partly depend on the nature of the constituents of its Index. For example, a Fund may utilise optimisation techniques and may be able to provide a return similar to that of its Index by investing in a subset of the constituents on its Index. In addition, a Fund may not take exposure to all securities in the Index and instead the Investment Manager will aim to ensure that the relevant Fund's portfolio of assets replicates the performance of the Index through the use of FDI and/or modification of the weighting of certain securities included in the Index. Use of these investment techniques may not produce the intended results. Further details on the strategies used are set out in the relevant Supplement.

Where a Fund seeks to track the performance of an Index to which it relates, it may not always do so with perfect accuracy. Tracking error may arise as a result of a number of factors including the structure of FDIs, certain securities being illiquid, costs associated with entering into, renewing, adjusting and closing out such FDIs, any other fees or costs, or any cash or other assets held by the Fund. The anticipated level of tracking error, in normal market conditions, is disclosed for any relevant Fund or Class, as applicable, in the Supplements. Unitholders' attention is drawn to the fact that these figures are only estimates of the anticipated tracking error level in normal market conditions and should not be understood as strict limits.

There is no guarantee that the investment objective of any Fund will be achieved. In particular, no financial instrument enables the returns of any Index to be reproduced exactly. Changes in the investments of any Fund and re-weightings of the relevant Index may give rise to various transaction costs (including in relation to the settlement of foreign currency transactions), operating expenses, custody costs, taxes, corporate actions, cash flows into and out of a Fund from dividend/reinvestments or inefficiencies which may adversely impact a Fund's tracking of the performance of an Index. Furthermore, the total return on investment in the Classes of a Fund will be reduced by certain costs and expenses which are not taken into account in the calculation of the applicable Index. Moreover, in the event of the temporary suspension or interruption of trading in the Investments comprising the Index, or of market disruptions, rebalancing a Fund's investment portfolio may not be possible and may result in deviations from the returns of the Index.

Unitholders should note that index rebalancing allows the relevant Index to adjust its constituent weightings to ensure it is accurately reflecting the market(s) it is aiming to represent. Index rebalancing can either occur (a) on a scheduled or (b) on an ad hoc basis to reflect, for example, corporate activity such as mergers and acquisitions.

For Funds following an indirect replication policy, the costs of rebalancing may be reflected in the level of the Index, which will thus be reflected in the Net Asset Value of the relevant Fund.

For Funds following a direct replication policy, the rebalancing of an Index may require the Fund's portfolio of Transferable Securities or other eligible assets to be re-balanced accordingly. This may result in transaction costs which may reduce the overall performance of the relevant Fund.

Unless otherwise disclosed in the Supplement for a Fund, it is intended to select indices which comply with the Investment Restrictions in section 3.2 above. Accordingly, it may not be possible or desirable for a Fund to purchase all of the securities or other eligible assets which are constituents of the Index in their proportionate weightings or to purchase them at all. In addition, weightings may be manually adjusted in the event that the weighting of any particular stock exceeds the permitted investment restrictions. In certain exceptional market conditions, a Fund may make use of the increased diversification limits permitted by the Central Bank where the Index is rebalanced, either as a function of the rules for composition of the Index or as a result of the nature of the securities underlying the

Index. If a Fund intends to make consistent use of the increased risk diversification limits when the relevant Index is being rebalanced, this will be disclosed in the relevant Supplement.

Where the value of a Fund's Units is linked to an Index, the performance may rise or fall. Hence, Unitholders should note that the value of their investment could fall as well as rise and they should accept that there is no guarantee that they will recover their initial investment.

Some Funds may seek to generate a return in line with the performance of an Index with performance history that may be less than a year. In deciding whether to subscribe for Units in such Fund, prospective Unitholders have little or no performance record to evaluate the Index returns prior to commencement of operations of the Fund. In any event there is no guarantee that the historic performance of any Index will be achieved in the future.

The methodology to collect prices and to calculate the value of the Index may be proprietary to the relevant index sponsor or other third parties.

The ability of a Fund which seeks to track the performance of the Index to pursue its investment objective and policy is dependent upon the ongoing operation and availability of the Index. The Manager is not able to ensure the ongoing operation and availability of the relevant Index. In the event that the Index is disrupted or unavailable, the ability of the Fund to achieve the investment objective will become severely impaired or impossible. In the event that the Index is permanently unavailable or discontinued, dealings in the Fund may be suspended (pending closure of the Fund).

An Index is generally constituted by an Index Provider pursuant to the Index Provider's own criteria or methodologies. Certain methodologies are designed to obtain an optimum return from an Index at a specific point in time and this may result in a limited increase in value of the Index. In addition, features designed by an Index Provider to provide protection in a depressed or falling market may result in an Index performing less strongly in a rising market.

As an Index Provider normally retains discretion in relation to the methodology underlying an Index and an Index may or may not take account of fees, there can be no assurance that an Index will continue to be calculated and published on the basis described in the relevant Supplement or the rules or methodology published by the Index Provider, or that the Index will not be amended significantly. Such changes may not always be notified in advance to Unitholders. Any change to the Index may adversely affect the value of the Units.

Any changes to an Index, such as the composition and/or weighting of its constituent securities, may require the Fund to make corresponding adjustments or rebalancings to its investment portfolio to conform to the relevant Index. The Investment Manager will monitor such changes and make adjustments to the portfolio as necessary, which may be over several days.

While the purpose of Benchmarks Regulations is to ensure the integrity and accuracy of financial indices, including an Index used by a Fund, there is no assurance that an Index Provider will compile the Index accurately, or that the Index will be determined, composed or calculated accurately. While an Index Provider provides descriptions of what the Index is designed to achieve, the Index Provider does not provide any warranty or accept any liability in relation to the quality, accuracy or completeness of data in respect of the Index, and does not guarantee that the Index will be in line with the described index methodology. In the event that an Index Provider error occurs meaning that the composition of the Index is incorrect, the Index Provider may need to carry out additional ad hoc rebalances to an Index in addition to its scheduled rebalances. Where the Index of a Fund is rebalanced and the Fund in turn rebalances its portfolio to bring it in line with the relevant Index, any transaction costs (including any capital gains tax and/or transaction taxes) and market exposure arising from such portfolio rebalancing will be borne directly by the Fund and its investors.

The Investment Manager intends to manage the relevant Funds consistently with the relevant Index and cannot provide any warranty or guarantee for Index Provider errors. Where errors in respect of the quality, accuracy and completeness of the data occur there is a risk that these may not be identified and corrected for a period of time, particularly where the indices are less commonly used. This means that any gains, losses or costs associated with

Index Provider errors will be borne by the Funds and their investors. By way of an example, since the assets of the Fund are determined with regard to the relevant Index composition, there is a risk that where the Index includes securities that are not in line with the Index methodology, the Fund could hold assets which do not reflect the correct 'theoretic' index composition. This means that if there is a period where the Index composition is determined incorrectly, a Fund tracking the published Index will have market exposure to assets that should not have been included in the Index composition and the Fund may not be exposed to assets that should have been included in the Index. Where this occurs, these errors may result in a negative or positive performance impact, as well as resulting in potential additional costs resulting from the purchase/sale of the underlying assets comprising the Index, to the Funds and their investors. Investors should understand that any gains from index supplier errors will be kept by the Funds and their investors and any losses resulting from Index Provider errors will be borne by the Funds and their investors.

## 4.6. Reliance on Third Party Data Providers

To meet the stated investment objective and policy each Fund, the Manager and the Investment Manager (together "the **Parties**") may rely on financial, economic and other data made available by companies, index suppliers, governmental agencies, rating agencies, exchanges, professional services firms, central banks or other third party providers (the "**external data providers**"). This data can have a material effect on the investments held by the relevant Fund. While the Parties carry out due diligence prior to engaging any such external data providers, the Parties do not generally have the ability to independently verify any such financial, economic and/or other data and are therefore dependent on the integrity of both the external data providers and the processes by which any such data is generated. The Fund could incur unexpected costs as a result of external data provider failures of, or substantial inaccuracy in, the generation of such data, for which losses the Parties, acting in good faith, will not be held liable.

## 4.7. Market Risk

The value of securities may be affected by a decline in the entire market of an asset class in which investments are made thus affecting the prices and values of the assets in the Fund. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labour shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. Equity securities generally have greater price volatility than fixed-income securities. In addition, some of the Regulated Markets on which a Fund may invest may be less well-regulated than those in developed markets and may prove to be illiquid, insufficiently liquid or highly volatile from time to time. This may affect the price at which a Fund may liquidate positions to meet redemption requests or other funding requirements. The higher the volatility of the market in which a Fund invests, the greater the market risk. Such markets are subject to greater fluctuations in return.

## 4.8. Liquidity Risk

Liquidity risk is the risk of a Fund having insufficient realisable cash, investments and borrowing capacity to fund redemption requests net of subscriptions. A Fund's assets primarily comprise realisable securities which can be readily sold in normal market conditions. However not all securities or instruments invested in by a Fund may be listed or rated and consequently liquidity of such securities or instruments may be low. A Fund may also encounter difficulties in disposing of assets at their fair market price due to adverse market conditions. The Investment Manager endeavours to manage the Funds' investments, including cash, to meet its liabilities. However, investments may need to be sold if insufficient cash is available to finance such redemptions. If the size of disposals is sufficiently

large, or the market is illiquid, then there is a risk that either the investments might not be sold or the price at which they are sold may adversely affect the Net Asset Value of a Fund. The Manager may, in its discretion, elect to restrict the total number of Units redeemed in a Fund on any Dealing Day to a maximum percentage of the outstanding Units in the Fund, in which case all requests will be scaled down *pro rata* to the number of Units requested to be redeemed. The remaining balance of Units may be redeemed on the next Dealing Day provided no such restriction is applicable. The Manager may also, at its discretion and as outlined in section 7.13 below, determine to satisfy a redemption request by a distribution of investments of the relevant Fund in specie. Unitholders should refer to sections 7.13 and 7.14 below for further details.

## 4.9. Umbrella Cash Account

Subscription monies received in respect of a Fund in advance of the issue of Units will be held in an umbrella cash account maintained by the Manager/Depositary and operated by the Administrator and will be treated as an asset of the relevant Fund. In consideration of the issue of Units, the subscription monies are transferred to the relevant Fund custody cash account at the Settlement Date. Until the issue of Units with reference to the relevant Valuation Point, the entitlement of Applicants to the subscription monies paid into the umbrella cash account is that of an unsecured creditor of the relevant Fund with respect to the amount subscribed and held in the umbrella cash account. Investors do not become a Unitholder until the Units are issued and the subscription monies are received. An Applicant for Shares does not benefit from any appreciation of the Net Asset Value of the relevant Units subscribed for or any other Unitholder rights (including any Gross Income entitlements) until such time as the Applicant becomes a Unitholder by the issue of Units with reference to the relevant Valuation Point. Payment of Redemption Proceeds and Gross Income in respect of Units in a Fund is subject to receipt by the Administrator of fully completed subscription documents and compliance with all anti-money laundering procedures. Redeeming Unitholders will cease to be Unitholders, with regard to the redeemed Units, and will be unsecured general creditors of the particular Fund, from the relevant Valuation Point and will not benefit from any appreciation in the Net Asset Value of the Fund or any other Unitholder rights (including further Gross Income entitlements) with respect to the redemption or distribution amount held in the umbrella cash account. In the event of an insolvency of the relevant Fund or the CCF, there is no guarantee that the Fund or the CCF will have sufficient funds to pay unsecured creditors in full. Redeeming Unitholders and Unitholders entitled to Gross Income Payments should ensure that any outstanding documentation and information is provided to the Administrator promptly. Failure to do so is at such Unitholder's own risk.

## 4.10. Portfolio Currency Risk

Because a Fund's assets and liabilities may be denominated in currencies different to the Base Currency, the Fund may be affected favourably or unfavourably by exchange control regulations or changes in the exchange rates between the Base Currency and other currencies. Changes in currency exchange rates may influence the value of a Fund's Units, the dividends or interest earned and the gains and losses realised. Exchange rates between currencies are determined by supply and demand in the currency exchange markets, the international balance of payments, governmental intervention, speculation and other economic and political conditions.

Assuming no change in the local price of a security, if the currency in which that given security is denominated appreciates against the Base Currency, the value of the security in Base Currency terms will increase. Conversely, a decline in the exchange rate of the currency would decrease the value of the security in Base Currency terms.

A Fund may engage in foreign currency transactions in order to hedge against currency exchange risk; however, there is no guarantee that hedging or protection will be achieved. Where the Investment Manager seeks to hedge the non-Base Currency assets held within the Fund back into the Base Currency, this strategy may result in a higher/lower return than would have potentially been achieved had those assets not been hedged.

## 4.11. Unit Class Currency Risk

Movements in currency exchange rates can materially impact investment returns and investors should ensure they fully understand the difference between investment in Base Currency Hedged Unit Classes, Partial Currency Hedged Unit Classes and Unhedged Currency Unit Classes.

Investors in Unit Classes which are unhedged will be exposed to changes in the exchange rate between underlying portfolio currency exposures and their home currency.

A Fund may offer Currency Hedged Unit Classes which may either be Base Currency Hedged Unit Classes or Partial Currency Hedged Unit Classes (as further described in this Prospectus and Supplements). Base Currency Hedged Unit Classes seek to hedge the Base Currency of the Fund back to the currency of the Unit Class whereas Partial Currency Hedged Unit Classes seek to hedge certain underlying portfolio currencies back to the currency of the Unit Class.

Financial instruments used to implement such hedging strategies shall be assets/liabilities of the Fund as a whole. However, the gains/losses on and the costs of the relevant financial instruments will accrue solely to the relevant Currency Hedged Unit Class of the Fund.

There can be no assurance or guarantee that any appointed parties will be able to successfully implement currency hedging at any time or at all. Furthermore, investors should note that there may be occasions when the Unit Classes are either under-hedged or over-hedged which may be due to factors which cannot be controlled such as investor trade activity, volatility in the NAV per Unit and/or currency volatility.

Unit Class currency hedging strategies for Currency Hedged Unit Classes will be implemented irrespective of whether the target currency is declining or increasing in value.

## 4.12. Euro Currency Risk

Member States and European businesses and financial institutions and counterparties are currently being affected, some adversely, by severe political and economic difficulties and concerns, including in relation to sovereign and non-sovereign funding and debt. European, the International Monetary Fund and bilateral emergency funding arrangements have already been extended and/or are contemplated in respect of certain Member States and European based financial institutions.

These developments have had a negative effect in political terms and also in economic terms. Financial markets, investor sentiment and credit ratings of institutions and Member States have already been adversely affected and may continue to be so. In addition, investment activity has been affected, as has the willingness of financial institutions to extend credit.

Member States within the Euro area, and certain other Member States, are in ongoing discussions with a view to agreeing stricter financial disciplines. However, it remains unclear whether agreement on these matters will be reached, and even if reached, whether adequate measures will be adopted.

There are concerns that one or more Member States within the Euro area may not be able to meet their debt obligations or funding requirements. The depressed economic environment and cost of funding may cause short and medium term budget deficits to expand in these economies, further increasing the risk of default. A sovereign default is likely to have adverse consequences for the economy of the relevant Member State and that of Europe and the wider world economy. The effect on creditors of a sovereign default is likely to be adverse.

The possibility of Member States that have adopted the Euro abandoning or being forced to withdraw from the Euro remains. It is not possible to predict accurately the precise nature of the consequences of a Member State leaving the Euro as there has been no legal framework put in place in preparation for such an event. However, it is likely that any Euro-denominated assets or obligations that a Fund acquired that are converted into a new national currency would suffer a significant reduction in value if the new national currency falls in value against the Euro or other currencies. In the event of the collapse of the Euro as a currency, any Fund whose Base Currency is Euro and any

Class designated in Euro would need to be re-designated into an alternative currency, as determined by the Directors, which could result in significant losses to Unitholders in the relevant Fund and/or Class.

These economic developments and their consequences both in Europe and the wider world economy, have significantly increased the risk of market disruption and governmental intervention in markets. Such disruption and intervention may result in unfavourable currency exchange rate fluctuations, restrictions on foreign investment, imposition of exchange control regulation by governments, trade balances and imbalances and social, economic or political instability.

Predicting accurately the consequences of developments of this kind is difficult. Events affecting the Euro could result in either separate new national currencies, or a new single European currency, and consequently the redenomination of assets and liabilities currently denominated in Euro. In such circumstances, there would be a definite risk of a Fund's Euro-denominated investments becoming difficult to value. This could result in negative consequences for a Fund including suspension of Net Asset Value valuations and, consequently, redemptions. If the redenomination of accounts, contracts and obligations becomes litigious, difficult conflict of laws questions are likely to arise.

Adverse developments of this nature may significantly affect the value of a Fund's investments. They may also affect the ability of the CCF to transact business including with financial counterparties, to manage investment risk and to hedge currency and other risks affecting the portfolio and individual Classes of any Fund. Fluctuations in the exchange rate between the Euro and the U.S. dollar or other currencies could have a negative effect upon the performance of investments.

#### 4.13. Depositary Receipts

The Investment Manager may use American Depositary Receipts ("ADRs") and Global Depositary Receipts ("GDRs") to provide exposure to their underlying securities, for example where the underlying securities cannot be, or are unsuitable to be, held directly, where direct access to the underlying securities is restricted or limited or where Depositary Receipts provide a more cost or tax efficient exposure. Where the Investment Manager uses ADRs or GDRs, there is no guarantee that a similar outcome will be achieved to holding the securities directly.

In the event of the suspension or closure of a market on which the underlying securities are traded, there is a risk that the value of the ADR or GDR will not closely reflect the value of the relevant underlying securities.

For Funds tracking a reference benchmark, the use of ADRs and GDRs may mean that the Fund's return varies from the return of the reference benchmark more so than if the Fund invested in the underlying security directly.

#### 4.14. Custody, Sub-Custodial and Settlement Risk

As a Fund may invest in markets where custodial and/or settlement systems are not fully developed, the assets of the Funds which are traded in such markets and which have been entrusted to sub-custodians, may be exposed to risks. Such risks include but are not limited to (a) a non-true delivery versus payment settlement, (b) a physical market, and as a consequence the circulation of forged securities, (c) poor information in relation to corporate actions, (d) registration process that impacts the availability of the securities, (e) lack of appropriate legal/fiscal infrastructure advices, and (f) lack of compensation/risk fund with the relevant central depository. Furthermore, even when a Fund settles trades with counterparties on a delivery-versus-payment basis; it may still be exposed to credit risk to parties with whom it trades. The insolvency of the Depositary, or of any local broker, sub-custodian bank or clearing corporation used by the Depositary, may result in the loss of all or a substantial portion of the Fund's assets or in a significant delay in the Fund having access to those assets. Markets in different countries may be subject to different clearance and settlement procedures and in certain markets there have been occasions when dividend payments and other settlements have been unable to keep pace with the volume of transactions.

## 4.15. Political and Regulatory Risk

The value of a Fund's assets may be affected by uncertainties such as international political developments, changes in government policies, changes in taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of countries in which investment may be made. Furthermore, the legal infrastructure and accounting, auditing and reporting standards in certain countries in which investment may be made may not provide the same degree of investor protection or information to Unitholders as would generally apply in major securities markets.

## 4.16. Taxation Risk

The income and gains of a Fund from its assets may suffer withholding tax which may or may not be reclaimable in the countries where such income and gains arise. If the position changes in the future and either the application of a higher or lower rate results in an additional payment of tax or a repayment to the relevant Fund respectively, the Net Asset Value will not be re-stated and the benefit or the cost will be allocated to the existing Unitholders of the relevant Fund **pro rata** at the time of the adjustment.

Any change in the taxation legislation in Ireland or in any jurisdiction where a Fund is registered, listed, marketed, or invested could affect the tax status of the Fund, the value of the Fund's investments in the affected jurisdiction, the Fund's ability to achieve its investment objective, and/or alter the post-tax returns to Unitholders. The effect of any future legal or regulatory (including taxation) change on the CCF is impossible to predict, but could be substantial and have adverse consequences on the rights and returns of Unitholders.

Where a non-U.S. Unitholder fails to provide valid U.S. tax documentation in a timely fashion, that Unitholder generally will be subject to U.S. withholding tax on its share of any U.S. source income (including gross proceeds from the sale of property which can produce U.S. source dividends or interest). The Depositary will not assist investors with seeking any refunds of such U.S. withholding taxes. In addition, that Unitholder will be transferred to a non-treaty Class with immediate effect until such time as valid U.S. tax documentation is provided. With respect to non-U.S. investments, where a Unitholder in a Class fails to provide valid tax documentation in a timely fashion, the full statutory rate of withholding tax for the relevant market will be applied to income arising from such markets which is payable to all Unitholders in such Class **pro rata** and the Depositary will not provide a retroactive tax reclaim service with respect to such withheld taxes. If an investor's withholding rate or tax reclaim rate diverges from the other investors in a Class of Units due to changes in taxation treaties or domestic exemptions affecting the Unitholder, the Manager may at its discretion exchange that Unitholder's Units for Units in a separate Class.

In addition, potential Applicants' attention is drawn to the taxation risks associated with investing in the CCF and in the Funds. See section headed **Taxation**. The information provided in this Prospectus is based upon the laws and regulations as at the date of the Prospectus but it is not exhaustive and does not constitute legal or tax advice.

## 4.17. Legal and Regulatory Risks

Legal and regulatory changes could adversely affect the CCF. Regulation of investment vehicles such as the CCF is still evolving and therefore subject to change. In addition, many governmental agencies, self-regulatory organisations and exchanges are authorised to take extraordinary actions in the event of market emergencies. In some jurisdictions the interpretation and implementation of laws and regulations and the enforcement of Unitholder's rights under such laws and regulations may involve significant uncertainties, may not be consistent with those of other nations and may vary from region to region. Furthermore, there may be differences in accounting and auditing standards, reporting practices and disclosure requirements to those generally accepted internationally. The information provided in this Prospectus is based upon the laws and regulations as at the date of the Prospectus but it is not exhaustive and does not constitute legal or tax advice. Laws and regulations of any country may change from time to time.

## 4.18. Investment in India

### Investing in certain Indian Securities

In order to invest in certain securities in India, it will be necessary for a Fund to hold a Foreign Institutional Investor (FII)/sub-account license, which is issued by the Securities and Exchange Board of India (SEBI), subject to the Fund meeting certain criteria. In the event the registration of a Fund as an FII sub-account is terminated or is not renewed, the Fund could potentially be forced to redeem the Indian security investments held in the Fund and such forced redemption could adversely affect the returns to the relevant Unitholders.

## 4.19. Valuation Risk

A Fund may invest some of its assets in unquoted securities or instruments and/or securities which may become illiquid due to market conditions. Such investments or instruments will be valued by the Manager or its delegate in good faith as to their probable realisation value as set out in this Prospectus (**Calculation of Net Asset Value/Valuation of Assets**). Such investments are inherently difficult to value and are the subject of substantial uncertainty. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales or close-out prices of such securities.

In addition, assets in which a Fund invests may be valued on a less frequent basis than the Fund. Accordingly, there is a risk that (a) the valuations of a Fund may not reflect the true value of assets held by a Fund at a specific time which could result in losses or inaccurate pricing for a Fund and/or (b) the valuations may not be available at the relevant Valuation Point so that some of the assets of the Fund may be valued at their probable realisation value.

The Manager and/or its delegate, the Administrator, may consult the Investment Manager with respect to the valuation of certain investments and Unitholders should be aware of an inherent conflict of interest between the involvement of the Investment Manager in recommending the valuation price of a Fund's investment and the Investment Manager's other duties and responsibilities in relation to the Funds.

Derivative instruments and forward exchange contracts which are not dealt on a Regulated Market shall be valued by the counterparty at least daily, provided that the valuation is verified at least weekly either by the Investment Manager or other independent party, such person to be independent of the counterparty and approved for that purpose by the Depositary.

Unitholders should note that there is often no single market value for instruments such as OTC FDI. The discrepancies between bid offer spread on OTC FDI may be partly explained by various estimates on their pricing parameters. The Manager has put procedures in place to reconcile any differences in valuation between the counterparties as well as pricing anomalies.

## 4.20. Valuation Suspension Risk

The ability to subscribe for or redeem Units may be affected by a temporary suspension of the determination of the Net Asset Value of a Fund which may take place upon the occurrence of certain events as described under Suspension of Calculation of Net Asset Value below.

## 4.21. Investment Manager Risk

The Manager will rely on the Investment Manager to implement the investment strategies of the Funds. The bankruptcy of the Investment Manager may have an adverse impact on the Net Asset Value of the Funds. Unitholders must rely on the judgement of the Investment Manager in undertaking investment decisions. The Investment Manager and its principals and affiliates will devote a substantial degree of their business time to the investment management of the Funds.

## 4.22. Equity Markets Risk

Equity securities represent ownership interests in a company or corporation, and include common stock, preferred stock and warrants and other rights to acquire such instruments. Investments in equity securities in general are subject to a number of factors which may include political, geographic or economic events that may cause their prices to fluctuate over time. The value of convertible equity securities is also affected by prevailing interest rates, the credit quality of the issuer and any call provisions. Fluctuations in the value of equity securities comprised in any Index, the performance of which is replicated by a Fund, would cause the Net Asset Value of the relevant Fund to fluctuate.

## 4.23. Market Capitalisation Risk - Micro, Small and Mid-Sized Company Shares

A Fund may invest in equity securities of micro, small and mid-sized (by market capitalisation) companies. Investment in such securities involves special risks. Among other things, the prices of securities of micro, small and mid-sized companies generally are more volatile than those of larger companies; the securities of smaller companies generally are less liquid; and smaller companies generally are more likely to be adversely affected by poor economic or market conditions. The prices of micro-sized companies generally are even more volatile and their markets are even less liquid relative to both small and larger companies. Investments in securities of companies with smaller market capitalisations are generally considered to offer greater opportunity for appreciation but also may involve greater risks than customarily are associated with more established companies. Accordingly, it may be more difficult to effect sales of such securities at an advantageous time or without a substantial drop in price than securities of a company with a large market capitalisation and broad trading market.

In addition, securities of small-to-medium-sized companies may have greater price volatility as they are generally more vulnerable to adverse market factors such as unfavourable economic reports. The securities of smaller companies may be subject to more abrupt fluctuations in market price than larger, more established companies. Smaller companies may have limited product lines, markets or financial resources, or they may be dependent upon a limited management group. In addition to exhibiting greater volatility, smaller company shares may, to a degree, fluctuate independently of larger company shares (i.e., small and/or micro company shares may decline in price as the prices of larger company shares rise or vice versa).

## 4.24. Emerging Market Risk

To the extent that a Fund invests in emerging markets, the following risks shall also apply:

- a. The trading and settlement practices of some of the stock exchanges or markets on which a Fund may invest may not be the same as those in more developed markets, which may increase settlement risk and/or result in delays in realising investments made by a Fund. In addition, a Fund will be exposed to credit risk on parties with whom it trades and will bear the risk of settlement default. The Depositary may be instructed by the Investment Manager to settle transactions on a delivery free of payment basis where the Investment Manager believes that this form of settlement is common market practice. Unitholders should be aware, however, that this may result in a loss to a Fund if a transaction fails to settle and the Depositary will not be liable to a Fund or to the Unitholders for such a loss.
- b. Currency fluctuations can be severe in developing countries that have both floating or fixed exchange rate regimes. The latter can undergo sharp one-time devaluations.
- c. Disclosure and regulatory standards may be less stringent in certain securities markets than they are in developed countries and there may be less publicly available information on the issuers than is published by or about issuers in such developed countries. Consequently, some of the publicly available information may be incomplete and/or inaccurate. In some countries the legal infrastructure and accounting and reporting standards do not provide the same degree of unitholder protection or information to investors as would generally apply in many developed countries. In particular, greater reliance may be placed by the auditors on representations from

the management of a company and there may be less independent verification of information than would apply in many developed countries. The valuation of assets, depreciation, exchange differences, deferred taxation, contingent liabilities and consolidation may also be treated differently from international accounting standards.

- d. The performance of a Fund may be affected by changes in economic and market conditions, uncertainties such as political developments, changes in government policies, the imposition of restrictions on the transfer of capital and in legal, regulatory and tax requirements. A Fund may also be exposed to risks of expropriation, nationalisation and confiscation of assets and changes in legislation relating to the level of foreign ownership.
- e. Local custody services remain underdeveloped in many emerging market countries and there is a transaction and custody risk involved in dealing in such markets. In certain circumstances a Fund may not be able to recover or may encounter delays in the recovery of some of its assets. Such circumstances may include uncertainty relating to, or the retroactive application of legislation, the imposition of exchange controls or improper registration of title. In some emerging market countries evidence of title to units is maintained in book-entry form by an independent registrar who may not be subject to effective government supervision, which increases the risk of the registration of a Fund's holdings of units in such markets being lost through fraud, negligence or mere oversight on the part of such independent registrars. The costs borne by a Fund in investing and holding investments in such markets will generally be higher than in organised securities markets. As at the date of the Prospectus, it is considered that there are various countries including, but not limited to, Slovenia, Taiwan, and Saudi Arabia where there are unique operational conditions.
- f. Prices of securities traded in emerging markets tend to be less liquid and more volatile.

#### 4.25. Investment in Collective Investment Schemes (CIS)

A Fund may invest in one or more collective investment schemes. As a shareholder/unitholder of another collective investment scheme, a Fund would bear, along with other shareholders/unitholders, its *pro rata* portion of the expenses of the other collective investment scheme, including management and/or other fees (excluding subscription or redemption charges). These fees would be in addition to the fees payable to the Investment Manager and other expenses which a Fund bears directly in connection with its own operations.

Some of the CIS that a Fund may invest in may in turn invest in FDIs which will result in a Fund being indirectly exposed to the risks associated with such FDIs.

The Funds will not have an active role in the day-to-day management of the collective investment schemes in which they invest. Moreover, Funds will generally not have the opportunity to evaluate the specific investments made by any underlying collective investment schemes before they are made. Accordingly, the returns of a Fund will primarily depend on the performance of these unrelated underlying fund managers and could be substantially adversely affected by the unfavourable performance of such underlying fund managers.

In addition, to the extent any underlying funds in which a Fund invests are not FATCA compliant, such funds may be subject to 30% withholding tax which may impact the returns of the relevant Fund.

A Fund may be subject to risks associated with any underlying collective investment schemes which may use 'side pockets' (used to separate investments which may be difficult to sell from more liquid investments). The use of side pockets by such underlying collective investment schemes may restrict the ability of a Fund or the Unitholders to fully redeem out of the underlying collective investment scheme until such investments have been removed from the side pocket. Accordingly, the Fund may be exposed to the performance of the underlying collective investment scheme's investment for an indefinite period of time until such investment is liquidated.

#### 4.26. Derivatives and Techniques and Instruments Risk

While the prudent use of FDIs can be beneficial, FDIs also involve risks different from, and in certain cases greater than, the risks presented by more traditional investments.

A Fund may from time to time utilise various financial instruments both for investment purposes and for risk management purposes in order to seek to: (a) protect against possible changes in the market value of the Fund's investment portfolio resulting from fluctuations in the currency exchange rates, securities markets and/or changes in interest rates, (b) protect the Fund's unrealised gains in the value of the Fund's investment portfolio, (c) facilitate the sale of any such investments, (d) enhance or preserve returns, spreads or gains on any investment in the Fund's portfolio, (e) hedge the interest rate or currency exchange rate on any of the Fund's liabilities or assets, (f) protect against any increase in the price of any securities the Fund anticipates purchasing at a later date or (g) for any other reason that the Investment Manager deems appropriate.

Where a Fund utilises financial instruments for any of the above purposes, it will be set out in the Supplement for that Fund. The risk factors below are relevant to a Fund where the Supplement states the Fund uses the derivative in question for that particular purpose. However, a Fund may not make use of Total Return Swaps – an instrument whereby one party agrees to pay the other the “total return” of a defined underlying asset, usually in return for receiving a stream of fixed or variable rate cash-flows.

### **Techniques and Instruments**

The prices of derivative instruments, including futures and options prices, can be highly volatile. Price movements of forward contracts, futures contracts and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programmes and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly markets in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

The use of techniques and instruments also involves certain special risks, including (a) dependence on the ability to predict movements in the prices of securities being hedged and movements in interest rates, (b) imperfect correlation between the hedging instruments and the securities or market sectors being hedged, (c) the fact that skills needed to use these instruments are different from those needed to select the Fund's securities, (d) the possible absence of a liquid market for any particular instrument at any particular time, (e) possible impediments to effective portfolio management or the ability to meet redemption requests, counterparty risk as outlined below and potential conflicts of interests as detailed in section 6.8 of this Prospectus.

### **Derivatives**

Derivatives, in general, involve special risks and costs and may result in losses to a Fund. The successful use of derivatives requires additional oversight and management, and a Fund will depend on the ability of the Investment Manager to analyse and manage derivatives transactions. The prices of derivatives may move in unexpected ways, especially in abnormal market conditions. In addition, correlation between the particular derivative and an asset or liability of a Fund may prove not to be what the Fund's Investment Manager expected. Some derivatives are leveraged and therefore may magnify or otherwise increase investment losses to the Fund. Other risks arise from the potential inability to terminate or sell derivatives positions. A liquid secondary market may not always exist for a Fund's derivatives positions at any time. In fact, many over-the-counter instruments will not be liquid and may not be able to be closed out when desired. Over-the-counter instruments such as swap transactions also involve the risk that the other party will not meet its obligations to the Funds. The participants in over-the-counter markets are typically not subject to credit evaluation and regulatory oversight as are members of exchange based markets, and there is no clearing corporation which guarantees the payment of required amounts. This exposes a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the relevant Fund to suffer a loss.

There is a possibility that the agreements governing the FDIs techniques may be terminated due, for instance, to supervening illegality or change in the tax or accounting laws relative to those at the time the agreement was

originated. There is also a risk if such agreements are not legally enforceable or if the derivative transactions are not documented correctly.

To increase access to financial markets in which direct investment is difficult, risky or expensive, a Fund may invest from time to time in warrants, notes or other instruments that give an indirect exposure to an underlying security or index ("Synthetics"). Synthetics may be more difficult to value than the underlying instrument and they may also lack liquidity. In some circumstances a change in laws and regulations and in particular a change in local tax law could trigger additional costs that may become payable by a Fund and such costs may, in effect, apply retroactively. This could subject a Fund to charges relating to investments in Synthetics made several years previously.

### **Counterparty Risk**

The Funds will be exposed to a credit risk on the counterparties with which they trade in relation to non-exchange traded contracts such as options, swaps, repurchase transactions and forward exchange rate contracts.

Non-exchange traded contracts are not afforded the same protections as may apply to participants trading such contracts on organised exchanges, such as the performance guarantee of an exchange clearing house. Non-exchange traded contracts are agreements specifically tailored to the needs of an individual investor which enable the user to structure precisely the date, market level and amount of a given position.

The counterparty for these agreements will be the specific company or firm involved in the transaction rather than a recognised exchange and accordingly the insolvency, bankruptcy or default of a counterparty with which a Fund trades such contracts could result in substantial losses to a Fund. If settlement never occurs the loss incurred by the Fund will be the difference between the price of the original contract and the price of the replacement contract or, in the case where the contract is not replaced, the absolute value of the contract at the time it is voided. Furthermore, in some markets 'Delivery versus Payment' may not be possible in which case the absolute value of the contract is at risk if the Fund meets its settlement obligations but the counterparty fails before meeting its obligations under the relevant contract. Furthermore, if the creditworthiness of a derivative counterparty declines, the risk that the counterparty may not perform could increase, potentially resulting in a loss to the portfolio. Regardless of the measures a Fund may implement to reduce counterparty credit risk there can be no assurance that a counterparty will not default or that a Fund will not sustain losses on the transactions as a result.

### **OTC Markets Risk**

Where any Fund acquires securities on OTC markets, there is no guarantee that the Fund will be able to realise the fair value of such securities due to their tendency to have limited liquidity and comparatively high price volatility.

### **Contracts for Difference (CFD)**

Futures and options contracts can also be referred to, as well as include, contracts for differences. These can be options and futures on any index, as well as currency and interest rate swaps. However, unlike other futures and options, these contracts can only be settled in cash. Investing in CFD carries the same risks as investing in a future or option. Transactions in CFD may also have a contingent liability and an investor should be aware of the implications of this as set out below.

### **Contingent Liability Transactions**

Contingent liability transactions which are margined require the CCF to make a series of payments against the purchase price, instead of paying the whole purchase price immediately. If the CCF trades in futures, CFD or sells options, the CCF may sustain a total loss of the margin it deposits with the broker to establish or maintain a position. If the market moves against the CCF, the CCF may be called upon to pay substantial additional margin at short notice to maintain the position. If the CCF fails to do so within the time required, its position may be liquidated at a loss and the CCF will be liable for any resulting deficit. Even if a transaction is not margined, it may still carry an obligation to make further payments in certain circumstances over and above any amount paid when the contract was entered into. Contingent liability transactions which are not traded on or under the rules of a recognised or designated investment exchange may expose you to substantially greater risks.

## **Futures Contracts**

Positions in futures contracts may be closed out only on an exchange that provides a secondary market for such futures. However, there can be no assurance that a liquid secondary market will exist for any particular futures contract at any specific time. Thus, it may not be possible to close a futures position. In the event of adverse price movements, a Fund would continue to be required to make daily cash payments to maintain its required margin. In such situations, if a Fund has insufficient cash, it may have to sell portfolio securities to meet daily margin requirements at a time when it may be disadvantageous to do so. In addition, a Fund may be required to make delivery of the instruments underlying futures contracts it holds. The inability to close options and futures positions also could have an adverse impact on the ability to effectively hedge the Fund. The risk of loss in trading futures contracts in some strategies can be substantial, due both to the low margin deposits required and the extremely high degree of leverage involved in futures pricing. As a result, a relatively small price movement in a futures contract may result in immediate and substantial loss (as well as gain) to the investor. Thus, a purchase or sale of a futures contract may result in losses in excess of the amount of investment in the contract.

The relevant Fund also incurs the risk that the Investment Manager will incorrectly predict future stock market trends. Utilisation of futures transactions by a Fund does involve the risk of imperfect or no correlation where the securities underlying the futures contracts have different maturities than a Fund's securities being hedged. It is also possible that a Fund could both lose money on futures contracts and also experience a decline in the value of its other securities.

There is also a risk of loss by a Fund of margin deposits in the event of the bankruptcy of a broker with whom a Fund has an open position in a futures contract or related option. Finally, futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as daily price fluctuation limits or daily limits. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent a Fund from liquidating unfavourable positions.

## **Forward Trading**

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardised; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and cash trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Market illiquidity or disruption could result in major losses to a Fund.

## **Foreign Exchange Transactions**

Where a Fund utilises derivatives which alter the currency exposure characteristics of Transferable Securities held by the Fund, the performance of the Fund may be strongly influenced by movements in foreign exchange rates because currency positions held by the Fund may not correspond with the securities positions held.

## **Options**

Because option premiums paid or received by a Fund will be small in relation to the market value of the investment underlying the options, trading in options could cause a Fund's Net Asset Value to be subject to more frequent and wider fluctuations than would be the case if a Fund did not utilise options. No assurance can be given that a Fund will be able to effect closing transactions at a time when it wishes to do so. If a Fund cannot enter into a closing transaction, it may be required to hold assets that it might otherwise have sold, in which case it would continue to be at market risk on such assets and could have higher transaction costs, including brokerage commissions. In addition,

options that are not exchange traded will subject a Fund to risks relating to its counterparty, such as the counterparty's bankruptcy, insolvency, or refusal to honour its contractual obligations.

### **Swaps**

Payments under a swap contract may be made at the conclusion of the contract or periodically during its term. If there is a default by the counterparty to a swap contract, a Fund will be limited to contractual remedies pursuant to the agreements related to the transaction. There is no assurance that swap contract counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to swap contracts. In addition, because swap contracts are individually negotiated and ordinarily non-transferable, there also may be circumstances in which it would be impossible for a Fund to close out its obligations under the swap contract. Under such circumstances, a Fund might be able to negotiate another swap contract with a different counterparty to offset the risk associated with the first swap contract. Unless a Fund is able to negotiate such an offsetting swap contract, however, it could be subject to continued adverse developments, even after the Investment Manager has determined that it would be prudent to close out or offset the first swap contract.

The use of swaps involves investment techniques and risks different from and potentially greater than those associated with ordinary portfolio securities transactions. If the Investment Manager is incorrect in its expectations of market values or interest rates, the investment performance of a Fund would be less favourable than it would have been if this portfolio management technique were not used.

### **Credit Default Swaps**

Credit default swaps (**CDS**) provide a measure of protection against defaults of debt issuers. A Fund's use of CDS does not assure their use will be effective or will have the desired result.

The buyer in a CDS contract is obligated to pay the seller a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference asset has occurred. If a credit event occurs, the seller must pay the buyer the full notional value of the reference asset that may have little or no value. If the Fund is a buyer and no credit event occurs the Fund's losses will be limited to the periodic stream of payments over the term of the contract. As a seller, the Fund will receive a fixed rate of income throughout the term of the contract, provided that there is no credit event. If a credit event occurs, the seller must pay the buyer the full notional value of the reference obligation.

There is no assurance that CDS counterparties will be able to meet their obligations pursuant to swap contracts or that, in the event of default, the Fund will succeed in pursuing contractual remedies. The Fund thus assumes the risk that it may be delayed in or prevented from obtaining payments owed to it pursuant to CDS contracts. As a buyer of a CDS, the Fund is exposed to the failure to make payment by the counterparty in the event of a credit event. As a seller of a CDS, the Fund is exposed to non-payment of the periodic stream of payments over the term of the contract and to the full notional value of the reference obligation in the event of a credit event.

### **Structured Notes**

The risks of investing into a structured note need to be considered from the point of view of the host contract on the one hand and from the point of view of the embedded derivative on the other hand.

The embedded derivative (e.g. an option) needs to be viewed as a stand-alone FDI for risk management purposes and is subject to the same risks as the equivalent FDI.

A Fund may not be able to hedge its exposure to the underlying derivative should it wish to do so due to the possibility of there not being availability on the market of an equivalent offsetting FDI. Sale of a structured note may also not be possible as they may also be illiquid as discussed above under Liquidity Risk.

Structured notes will subject a Fund to risks relating to its counterparty, such as the counterparty's bankruptcy, insolvency, or refusal to honour its contractual obligations.

## Collateral Risk

Cash received as collateral may be invested in other eligible securities, including shares of a short term money market fund in accordance with the requirements of the Central Bank. Investing this cash subjects that investment, as well as the securities loaned, to market appreciation or depreciation and the risks associated with such investments, such as failure or default of the issuer of the relevant security.

## Risks associated with Warrants

A warrant is a time-limited right to subscribe for shares, debentures, loan stock or government securities, and is exercisable against the original issuer of the securities. Warrants often involve a high degree of gearing, so that a relatively small movement in the price of the underlying security results in a disproportionately large movement, favourable or unfavourable in the price of the warrant. The prices of warrants can therefore be volatile.

## 4.27. Borrowing

If a Fund borrows money, its unit price may be subject to greater fluctuation until the borrowing is paid off. If the Fund makes additional investments while borrowings are outstanding, this may be considered a form of leverage.

Increased portfolio transactions and the use of a line of credit would correspondingly increase a Fund's operating costs and decrease the Fund's investment performance, and maintenance of a higher level of cash balances would likewise result in lower Fund investment performance during periods of rising markets.

## 4.28. Paying Agent Risk

Unitholders who choose, or are obliged under local regulations, to pay or receive subscription or Redemption Proceeds or distributions via a third party entity rather than directly to/from the CCF or the relevant Fund (e.g. a paying agent in a local jurisdiction) bear a credit risk against that third party entity with respect to (a) subscription monies prior to the transmission of such monies to the CCF or the relevant Fund and (b) Redemption Proceeds payable by such third party entity to the relevant Unitholder.

## 4.29. FATCA Risk

A Fund will be subject to a withholding tax risk to the extent that such Fund is not compliant with FATCA or any intergovernmental agreement ("IGA") entered into between Ireland and the United States to implement FATCA. To the extent any Unitholders are not FATCA compliant, such noncompliance may adversely impact the relevant Fund. In addition, to the extent any underlying funds in which a Fund invests are not FATCA compliant, such funds may be subject to 30% withholding tax which may impact the returns of the Fund.

## 4.30. Pandemic Risk

An outbreak of an infectious disease, pandemic or any other serious public health concern could occur in any jurisdiction in which a Fund may invest, leading to changes in regional and global economic conditions and cycles which may have a negative impact on the Fund's investments and consequently its Net Asset Value. Any such outbreak may also have an adverse effect on the wider global economy and/or markets which may negatively impact a Fund's investments more generally. In addition, a serious outbreak of infectious disease may also be a force majeure event under contracts relating to the CCF thereby relieving a counterparty of the timely performance of the services such counterparties have contracted to provide to the Funds (the nature of the services will vary depending on the agreement in question). In a worst case scenario, this may result with the Funds being delayed in calculating their Net Asset Value, processing dealing in Units, undertaking independent valuations of the Funds or processing trades in respect of the Funds.

### 4.31. Cyber Security Risk

The use of the internet and other electronic media and technology exposes a Fund and the CCF to potential risks from cyber-security attacks or incidents (collectively, “cyber-events”). Cyber-events may include, for example, unauthorised access to systems, networks or devices (such as, for example, through “hacking” activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information.

Any cyber-event could adversely impact a Fund and its Unitholders. A cyber-event may cause a Fund, or its Service Providers to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate the Net Asset Value of a Fund or allow Unitholders to transact business) and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorised monitoring and failures in the physical infrastructure or operating systems that support a Fund and its Service Providers. In addition, cyber-events affecting issuers in which a Fund invests could cause the Fund’s investments to lose value.

### 4.32. Corporate Actions Risk

As a result of corporate actions of a company in which a Fund is invested, a Fund may be required or have the option to accept cash, underlying or newly issued securities which may not be part of its core investment universe or they may not be permitted at all. In such circumstances, the security may not be permitted by the Funds’ investment policy, in which case it may need to be sold, and there is a risk that the securities may have a value that is less than the original investment made by the Fund. In the event that the Fund’s investment policy permits such securities to be held they may still have a value less than the original investment made by the Fund and the returns generated from those securities may not adequately compensate the Fund for the risks assumed.

### 4.33. Government or Central Bank Intervention

In response to a recession, economic slowdown or financial market instability, governments and regulators may choose to intervene by implementing severe measures and reforms, as seen in the 2007-2008 global financial crisis. There is a risk that any intervention may result in social unrest, limit future growth and economic recovery or have unintended consequences. Additionally, government and regulatory intervention has sometimes been unclear in scope and application, resulting in confusion and uncertainty which can also be detrimental to the efficient functioning of financial markets.

It is impossible to predict the effect of any temporary or permanent governmental restrictions that may be imposed on the markets and/or the effect of these restrictions on the European or global economy, on global securities markets, or on the Investment Manager’s ability to implement the Funds’ investment objectives. Instability in the global financial markets or government intervention may increase the volatility of the Funds and hence the risk of loss to the value of your investment.

### 4.34. Other Risks

#### **Impact of Natural or Man-Made Disasters**

Certain regions are at risk of being affected by natural disasters or catastrophic natural events. Considering that the development of infrastructure, disaster management planning agencies, disaster response and relief sources, organized public funding for natural emergencies, and natural disaster early warning technology may be immature and unbalanced in certain countries, the natural disaster toll on an individual portfolio company or the broader local economic market may be significant. Prolonged periods may pass before essential communications, electricity and other power sources are restored and operations of the portfolio company can be resumed. A Fund’s investments could also be at risk in the event of such a disaster.

The magnitude of future economic repercussions of natural disasters may also be unknown, may delay a Fund's ability to invest in certain companies, and may ultimately prevent any investment entirely.

Investments may also be negatively affected by man-made disasters. Publicity of man-made disasters may have a significant negative impact on overall consumer confidence, which in turn may materially and adversely affect the performance of a Fund's investments, whether or not they are involved in the man-made disaster.

Outbreaks of infectious diseases may have a negative impact on the performance of a Fund. For example, an infectious respiratory disease caused by a novel coronavirus known as COVID-19 detected in December 2019 gave rise to an extended global pandemic which led to borders closing, restrictions on movement of people, quarantines, cancellations of transportation and other services, disruptions to supply chains, businesses and customer activity, as well as general concern and uncertainty.

Other epidemics and pandemics may arise in the future, however it is not possible to predict the effect that any such event may have or how long it will last. In addition, the impact of infectious diseases in certain emerging developing or emerging market countries may be greater due to less established health care systems, as was the case with COVID-19. Health crises caused by infectious diseases may exacerbate other pre-existing political, social and economic risks in certain countries.

These events could increase volatility and the risk of loss to the value of your investments.

### **Indemnification Obligations**

The CCF or, where applicable, the Manager (out of the assets of the relevant Fund), has agreed to indemnify the Manager, the Investment Manager, any Distributor, the Administrator, the Depositary as provided for in the relevant agreements. Consequently, the CCF is exposed to the risk of unforeseen costs due to losses or damages incurred by the indemnified parties (including legal fees and expenses) in connection with the performance of their duties and/or the exercise of their powers under the relevant agreements.

### **Reliance on Third Party Data Providers**

To meet the investment objective and policy of each Fund, as stated in this Prospectus, the CCF, the Manager and/or the Investment Manager (together "the **Parties**") may rely on financial, economic and other data made available by companies, index providers, governmental agencies, rating agencies, exchanges, professional services firms, central banks or other third party providers (the "external data providers"). This data can have a material effect on the investments held by the relevant Fund. While the Parties carry out due diligence prior to engaging any such external data providers, the Parties do not generally have the ability to independently verify any such financial, economic and/or other data and are therefore dependent on the integrity of both the external data providers and the processes by which any such data is generated. A Fund could incur unexpected costs as a result of external data providers failures of, or substantial inaccuracy in, the generation of such data. The Parties, acting in good faith, will not be held liable for such unexpected costs.

### **Shariah Restrictions**

It is possible that the restrictions placed on investments such as the prohibition on the use of interest bearing investments, the donations to approved charities and the limited universe of stocks available to the Investment Manager may result in Funds with Shariah restrictions performing less well than funds with similar investment objectives which are not subject to Shariah restrictions.

## **4.35. Sustainability Risks**

### **ESG Scoring & Data Risk**

The Manager and the Investment Manager may rely on third parties to provide ESG scoring data where relevant. This means that the CCF is subject to certain operational and data quality risks associated with reliance on third party service providers and data sources. ESG data provided by third parties may be incomplete, inaccurate or unavailable

and this may impact on a Fund's ability to accurately assess sustainability risks and effectively promote environmental and social characteristics, where relevant.

#### ◆ Responsible Investing

The CCF may not invest directly in securities issued by companies reasonably expected to be involved in the use, development, manufacturing, stockpiling, transfer or trade of controversial weapons (i.e., those banned by international convention). This policy restricts a Fund from investing directly in related securities, therefore reducing the investment universe and preventing the Fund from benefitting from any potential returns from these companies. In the case of Funds that track a benchmark, if the reference benchmark includes a security prohibited under this policy, the Fund will not directly hold that security, which will lead to a deviation in the performance of the Fund against the reference benchmark.

This policy applies to all HSBC Group funds, but not to third party funds or Shariah-compliant derivative instruments that a Fund may invest in.

HSBC Asset Management's Responsible Investment Policies are available on the website at:

[www.assetmanagement.hsbc.com/about-us/responsible-investing/policies](http://www.assetmanagement.hsbc.com/about-us/responsible-investing/policies)

## 4.36. Integration of Sustainability Risks into Investment Decisions and SFDR Principles

### SFDR categorisation and ESG data

SFDR requires Funds to be categorised into three different categories;

- Funds which do not have sustainable investment as their objective or promote environmental and/or social characteristics (referred to as Article 6 SFDR Funds);
- Funds which promote environmental and/or social characteristics (referred to as Article 8 SFDR Funds); and
- Funds with sustainable investment as their investment objective (referred to as Article 9 SFDR Funds).

Article 8 and Article 9 SFDR Funds are subject to particular disclosure requirements, with the purpose of providing transparency to show how the Fund's environmental and/or social characteristics are met, or how the sustainable investment objective is achieved.

Any decisions taken by the Manager regarding the classification and the applicable disclosure requirements under the SFDR and the Taxonomy Regulation are based on a good faith assessment, based on information available to it and market practise at the time any such decision is made.

Unitholders should be aware that SFDR and the Taxonomy Regulation are part of a disclosure regime and they should not be relied on as a product labelling regime or as imposing additional obligations other than disclosure requirements in relation to ESG matters and subject to ongoing uncertainties and evolution in material regards as underlying rules and guidance is finalised, or is issued, over time.

### Integration of Sustainability Risks into Investment Decisions

#### ◆ SFDR Regulation

As set out in the SFDR, the Manager is required to disclose the manner in which sustainability risks are integrated into the investment process and the results of the assessment of the likely impacts of sustainability risks on the returns of the Funds. A sustainability risk is defined in the SFDR as an ESG event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of an investment. Examples of relevant sustainability risks are described in the Sustainability Risks section above.

The Manager has delegated the portfolio management of the Funds to the Investment Manager, who has adopted HSBC Asset Management's responsible investment policy and related Responsible Investment Policy Implementation Procedures (the "Policy") in relation to the integration of sustainability risks into investment decisions for the Funds..

The Policy outlines HSBC Asset Management's approach to sustainable investing, focusing on the ten principles of the United Nations Global Compact ("**UNGC**"). The UNGC sets out key areas of financial and non-financial risk: human rights, labour, environment and anti-corruption. The Investment Manager uses third party screening providers to identify companies with a poor track record in these areas of risk and, where potential sustainability risks are identified, the Investment Manager also carries out its own due diligence. Sustainability risks are monitored on an ongoing basis as part of the Investment Manager's portfolio management strategy generally.

The Investment Manager has a duty to act in the best long-term interests of Unitholders. The Investment Manager believes that sustainability risks can affect the performance of investment portfolios across companies, sectors, regions and asset classes through time. While each Fund has its own investment objective, the Investment Manager's goal is to provide Unitholders with competitive risk-adjusted returns over the long term. To achieve this, the Investment Manager will conduct thorough financial analysis and comprehensive assessment of sustainability risks as part of a broader risk assessment for each Fund, where relevant.

For more information, please refer to the Policy which can be found on HSBC Asset Management's website at: <https://www.assetmanagement.hsbc.com/about-us/responsible-investing/policies>.

### **Likely Impact of Sustainability Risks on Returns**

Companies that adequately manage sustainability risks should be better placed to anticipate future sustainability risks and opportunities. This makes them more strategically resilient and therefore able to anticipate, and adapt to, the risks and opportunities in relation to sustainability on the horizon. Likewise, if managed inadequately, sustainability risks can adversely impact the value of the underlying company or the competitiveness of the country issuing government bonds. Sustainability risks can materialise in various forms for the issuers or government securities or other investments/assets in which the Funds invest, including but not limited to:

- reduced revenue due to shifts in customer preferences, negative impacts on the workforce, social unrest and decreased production capacity;
- increased operating/capital costs;
- write-off and early retirement of existing assets;
- loss of reputation due to fines and judgements and loss of license to operate.

These risks, together or individually can potentially impact the returns of the Funds. The likely impacts of sustainability risks on the returns of each Fund will also depend on each Fund's investments and the materiality of sustainability risks. The likelihood of sustainability risks arising in respect of a Fund should be mitigated by the Investment Manager's approach to integrating sustainability risks in its investment decision-making process as outlined in the Policy. However, there is no guarantee that these measures will completely mitigate or prevent sustainability risks materialising in respect of a Fund. The likely impact on the return of a Fund from an actual or potential material decline in the value of an investment due to a sustainability risk will therefore vary and depend on several factors, including, but not limited to the type, extent, complexity, duration of the event or condition, prevailing market conditions and the existence of any mitigating factors.

### **Actively Managed Funds**

All actively managed Funds integrate consideration of sustainability risks in the investment decision-making process. The relevant Investment Manager integrates sustainability risks by identifying ESG factors that could have a material financial impact on the performance of an investment. Exposure to sustainability risk does not necessarily mean that the relevant Investment Manager will refrain from taking or maintaining a position in an investment. Rather, the Investment Manager will consider the assessments of sustainability risks together with other material factors in the context of the investee company or issuer and the investment objective and policy of the Fund.

### **Passively managed Funds**

For Funds that are passively managed and hold securities included in the relevant index which they track, the index is required to represent an adequate benchmark for the market to which it refers. Each index is created by a third-party index provider (the "**Index Provider**"). As the strategy for the passively managed Funds is to track the relevant index, changes to the portfolios of the Funds are driven by changes to the index in accordance with its published methodology rather than by an active selection of securities by the Investment Manager. Accordingly, the Investment Manager does not exercise discretion to actively select/deselect securities. Therefore, for passively managed Funds there is no integration of sustainability risks into the investment process. Even where the Funds use an optimisation strategy to track the relevant index, ESG considerations may not be incorporated into the optimisation approach as the Fund's objective is to replicate the performance of the relevant index and decisions driven by ESG factors could be less effective in achieving this goal.

### **Funds investing in Shariah compliant financial derivative instruments**

Some Funds may use Shariah compliant financial derivative instruments and therefore, sustainability risks are harder to factor in as the Funds are not directly investing in the underlying asset. Currently, no ESG integration methodology can be applied for the Shariah compliant financial derivative instruments, but the Investment Manager is exploring how such a methodology can be applied.

### **Consideration of Principal Adverse Impacts**

SFDR requires the Manager to determine whether it considers the principal adverse impacts ("**PAIs**") of their investment decisions on sustainability factors. The Investment Manager implements this consideration on behalf of the Manager. The Investment Manager is supportive of the aim of this requirement, which is to improve transparency to investors and the market generally as to how the PAIs of investment decisions on sustainability factors are considered. In the case of Article 6 Funds, the Investment Manager does not consider PAIs in the investment strategy, as these Funds do not have an explicit ESG strategy.

## 5. Management of the CCF

### 5.1. Directors of the Manager

The Directors of the Manager are described below:

#### **Neil Clifford (nationality: Irish – Irish resident)**

Mr. Clifford is a Director and Chief Executive Officer of the Manager. He is an experienced Irish-based investment management professional and fund director, with wide experience in the governance and operations of traditional and alternative investment funds. Neil joined the Manager in October 2014 from Irish Life Investment Managers (“ILIM”) (April 2006 – September 2014), where he was Head of Alternative Investments. He began his career with Irish Life as a sector-focused equity fund manager. Prior to this, Neil was a senior equity analyst for Goodbody Stockbrokers (September 2000 - April 2006) in Dublin. He has also worked as an engineer with a number of leading engineering and telecoms firms in Ireland. Neil holds a degree in Electrical Engineering from University College Cork and a Masters of Business Administration from the Smurfit School of Business, University College, Dublin. He has also attained the professional certifications of Chartered Alternative Investment Analyst (CAIA) and Financial Risk Manager (FRM – Global Association of Risk Professionals).

#### **Teddy Otto (nationality: German – Irish resident)**

Mr. Otto is a Principal with the Carne Group. He specialises mainly in product development, fund establishment and risk management. Before joining the Manager, Mr. Otto was employed by the Allianz / Dresdner Bank group in Ireland for six years. During this time, he acted as head of fund operations, head of product management and was appointed as a director of the Irish management company for Allianz Global Investors and a range of Irish and Cayman domiciled investment companies. He had previously held senior positions in the areas of market data and custody at Deutsche International (Ireland) Limited and worked in the investment banking division of Deutsche Bank, Frankfurt. He spent over six years at DeutscheBank group. Prior to that, he was employed with Bankgesellschaft Berlin for two years. Mr. Otto holds a degree in business administration from Technische Universität Berlin.

#### **Sarah Murphy (nationality: Irish – Irish resident)**

Sarah is an Executive Director and the Chief Operating Officer of the Manager. The Manager is a UCITS Management Company and Alternative Investment Fund Manager which currently manages in excess of €130bn in assets across a wide range of fund structures and asset classes. Sarah began her career at the Carne Group as a business manager where she was tasked with leading the launch and development of a number of the firm’s corporate services businesses.

Prior to joining the Carne Group, Sarah held a number of senior management roles in BDO Ireland’s corporate services business. During this period, Sarah was responsible for providing advisory services to a broad range of domestic and international clients in relation to corporate governance and company law issues associated with acquisitions, disposals and company re-organisations.

#### **Elizabeth Beazley (nationality: Irish – Irish resident)**

Elizabeth Beazley is a Director with the Carne Group with over 20 years’ experience in the funds industry focusing on fund establishment, operation and corporate governance. During her time in Carne Group, Ms Beazley has held a number of roles including Global Head of Onboarding covering a variety of jurisdictions including Ireland, Luxembourg, the UK and Channel Islands amongst others. Ms Beazley acts as non-executive director on a number of fund boards including Carne Global Fund Managers (Ireland) Limited.

Prior to joining Carne, she spent four years in a senior role with AIB/BNY Fund Management in Ireland, and before that worked for Bank of Bermuda (now HSBC). Elizabeth has been a member of various industry working groups and currently sits on the Irish Funds’ Management Company working group as Deputy Chair in addition to being a member of the ETF Committee in EFAMA. She has a Bachelor of Commerce degree from University College Cork

and has a Masters' degree in Business Studies from the Smurfit Graduate School of Business. Elizabeth is a member of the Association of Chartered Certified Accountants.

**N.J. Whelan (nationality: Irish – Irish Resident)**

N.J. Whelan is a Managing Director of Client Operations at Carne Group. He has over 20 years' experience in the asset management industry and has a particular focus on the governance and operations of funds and management companies.

At Carne, N.J. is responsible for Client Operations including the oversight of UCITS funds, alternative investment funds and traditional funds across a variety of fund structures, including money market funds, and spanning multiple jurisdictions, principally Ireland, Luxembourg, Switzerland and the UK. As part of his role at Carne, N.J. is also responsible for the ongoing monitoring of fund delegates including conducting due diligence on delegates, the management and resolution of issues as they arise and reporting to fund Boards.

N.J. joined Carne from PwC where he was a senior manager in the Asset and Wealth Management Practice in Ireland specialising in fund audits and was an active member of various fund industry working groups. At PwC Ireland, N.J. was their Money Market Fund specialist and was an active member of the Irish Funds Money Market Fund Working Group. These roles included cross-industry engagement and participating and speaking at events.

During the early stages of his professional career, N.J. worked for BNY Mellon in Ireland. N.J. is a qualified accountant and is a fellow of the Association of Chartered Certified Accountants (FCCA).

**Jackie O'Connor (nationality: British – Irish resident)**

Jackie O'Connor is an independent non-executive director on Carne Group's Irish and Luxembourg management companies. She has over 20 years' experience within the asset management industry, most recently as Managing Director and CEO of Goldman Sachs Asset Management Fund Services Ltd ("GSAMFSL"), GSAM's Irish domiciled UCITS management company and Alternative Investment Fund Manager based in Ireland. Jackie was responsible for setting up GSAMFSL in Ireland.

Prior to that, Jackie was international head of regulatory reform for Goldman Sachs Asset Management ("GSAM"), responsible for identifying and implementing requirements under new regulations within the EMEA and Asia Pacific regions. Earlier in her career, Jackie worked in a number of roles within the GSAM and the wider Goldman Sachs Group, including global project manager for the GSAM Client Relationship Team as well as five years in Goldman Sachs's Internal Audit department.

Jackie holds a bachelor's degree with honours in Zoology from Sheffield University in the UK.

**Aleda Anderson (nationality: USA – Irish resident)**

Aleda Anderson is an independent non-executive director with over 30 years' experience within the investment industry, most recently as Chief Executive Officer and Chief Investment Officer at Principal Global Investors (EU) Limited, a subsidiary of Principal Financial Group (NASDAQ:PFG), a global investment firm and FORTUNE 500 member. Prior to relocating to Ireland from the United States in 2018 to establish a Dublin office for Principal Global Investors, she was director of Strategy & Operations at Edge Asset Management, a specialist investment boutique located in Seattle, WA. During her 30-year career, Aleda has held various positions at Charles Schwab in San Francisco, CA. including Vice President and General Manager, Asset Management Strategic Alliances, and Vice President Distribution Services for Schwab Funds and Laudus Funds. Earlier in her career, she worked for Franklin Templeton in San Mateo, CA. Aleda studied Philosophy and Religion from San Francisco State University and holds Professional Diplomas in Strategic Management and Applied Alternative Investments, and a Professional Certificate in Complex Financial Instruments from University College Dublin.

For the purposes of this Prospectus, the address of all of the Directors is the registered office of the Manager.

No Director has:

- a. had any unspent convictions in relation to indictable offences; or

- b. been a director of any company or partnership which, while he was a director with an executive function or partner at the time of or within the 12 months preceding such events, been declared bankrupt, went into receivership, liquidation, administration or voluntary arrangements; or
- c. been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies); or been disqualified by a court from acting as a director of a company or from acting in the management or conduct of affairs of any company.

Save for the information disclosed herein, no further information is required to be given in respect of the Directors pursuant to the listing requirements of Euronext Dublin.

## 5.2. The Manager

The Manager is responsible for the investment policy, objectives and management of the CCF and its Funds.

The Manager was incorporated as a private limited liability company in Ireland on 10 November 2003 under the registration number 377914 and has been authorised by the Central Bank to act as a UCITS management company and to carry on the business of providing management and related administration services to UCITS collective investment schemes. The Manager's parent entity is Carne Global Financial Services Limited. The Manager's principal business is the provision of fund management services to collective investment schemes. As at the date of this Prospectus, the authorised share capital of the Manager is €10,000,000, divided into 10,000,000 ordinary shares of €1.00 each. The issued and paid-up share capital of the Manager is €1,575,100.

The Manager has delegated the performance of its discretionary investment management and distribution functions in respect of the CCF and the Funds to the Investment Manager and administrative functions to the Administrator.

As of the date of the Prospectus, the Manager has also been appointed to act as management company for other regulated investment funds the list of which is available, upon request, at the registered office of the CCF.

The Manager will receive periodic reports from the Investment Manager detailing the Funds' performance and analysing their investment. The Manager will receive similar reports from the other services providers in relation to the services which they provide.

The company secretary of the Manager is Carne Global Financial Services Limited.

## 5.3. Investment Manager & Distributor

Unless otherwise stated in the Supplement, the Manager has appointed HSBC Global Asset Management (UK) Limited to act as the Investment Manager of the Funds pursuant to an Investment Management Agreement and the Distributor of the Funds pursuant to a Distribution Agreement (further details of which are set out in the section entitled **Material Contracts** below). HSBC Global Asset Management (UK) Limited is also the promoter of the CCF.

HSBC Global Asset Management (UK) Limited's registered office is at 8 Canada Square, London E14 5HQ. It is a limited liability company incorporated under the laws of England and Wales on 31 May, 1985 and is ultimately a wholly owned subsidiary of HSBC Holdings plc, a public company incorporated in the UK and listed on the London Stock Exchange.

HSBC Global Asset Management (UK) Limited is regulated by the FCA in respect of its asset management activities and acts as investment manager to a number of other funds.

Subject to the overall supervision of the Manager and to each Fund's investment objectives, policies and restrictions, the Investment Manager will manage the investment and re-investment of each Fund's assets.

The Investment Manager, with the prior approval of the Central Bank, may from time to time seek the advice of or recommendation of any adviser, analyst, consultant or other suitably qualified person to assist it in the performance of its duties.

## 5.4. Depositary

The Manager has appointed Northern Trust Fiduciary Services (Ireland) Limited to act as depositary to the CCF.

The Depositary is a private limited liability company incorporated in Ireland on 5 July 1990. Its main activity is the provision of custodial services to collective investment schemes. The Depositary is an indirect wholly-owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors.

The Depositary is responsible for the safe-keeping of all of the assets of the CCF, the cash monitoring and oversight duties pursuant to the UCITS Regulations. Under the terms of the Depositary Agreement, the Depositary may delegate its safekeeping obligations provided that (a) the services are not delegated with the intention of avoiding the requirements of the Regulations, (b) the Depositary can demonstrate that there is an objective reason for the delegation and (c) the Depositary has exercised all due, skill, care and diligence in the selection and appointment of any third party to whom it wants to delegate parts of its safekeeping services, and keeps exercising all due skill, care and diligence in the periodic review and ongoing monitoring of that delegate. The liability of the Depositary will not be affected by virtue of any such delegation. The Depositary has delegated to its global sub-custodian, The Northern Trust Company, London branch, the safekeeping of the CCF's financial instruments and cash. The global sub-custodian may further delegate these responsibilities to sub-delegates, the identities of which are set forth in Appendix 2 attached.

The Depositary shall be liable, (a) in respect of a loss of a financial instrument held in its custody (or that of its duly appointed delegate) unless it can prove that the loss has arisen as a result of an external event beyond the Depositary's reasonable control, the consequences of which would have been unavoidable despite all reasonable measures to the contrary, and (b) in respect of all other losses as a result of the Depositary's negligent or intentional failure to properly fulfil its obligations pursuant to the Regulations.

Up-to-date information in respect of the following will be made available to investors on request:

- a. the identity of the Depositary;
- b. a description of the Depositary's duties;
- c. a description of any conflicts of interest which may arise; and
- d. a description of any safekeeping functions delegated by the Depositary and the list of delegates and sub-delegates and any conflicts of interest that may arise from such a delegation.

## 5.5. Administrator

Northern Trust International Fund Administration Services (Ireland) Limited has been appointed by the Manager to act as administrator, registrar and transfer agent under the terms of the Administration Agreement, which may be terminated by both parties in accordance with the provisions of the agreement.

The Administrator is a private limited liability company incorporated in Ireland on 15 June 1990 and is an indirect wholly owned subsidiary of Northern Trust Corporation. Northern Trust Corporation and its subsidiaries comprise the Northern Trust Group, one of the world's leading providers of global custody and administration services to institutional and personal investors. The principal business activity of the Administrator is the administration of collective investment schemes.

The Administrator is not involved directly or indirectly with the business affairs, organisation, sponsorship or management of the CCF and is not responsible for the preparation of this document other than the preparation of the above description and accepts no responsibility or liability for any information contained in this document except disclosures relating to it.

## 5.6. UK Representative

The Manager has appointed HSBC Global Asset Management (UK) Limited as UK Representative to maintain the facilities required of a recognised scheme by the rules contained in the FCA Collective Investment Schemes Sourcebook. The registered address of the UK Representative is set out in the Directory.

The Deed of Constitution of the CCF together with other documents listed in the Prospectus can be inspected and copies obtained at the offices of the UK Representative. Further copies of the Prospectus or copies of the annual and half yearly reports of the CCF may also be obtained, free of charge, from the UK Representative. Complaints concerning the CCF may be lodged with the UK Representative for forwarding to the Manager.

## 5.7. Paying Agents/Correspondent Banks

Local laws/regulations in EEA Member States may require the appointment of paying agents/representatives/distributors/correspondent banks (**Paying Agent(s)**) and maintenance of accounts by such agents through which subscription and redemption monies or distributions may be paid. Unitholders who choose or are obliged under local regulations to pay or receive subscription or redemption monies or distributions via an intermediate entity rather than directly to the Administrator (e.g. a Paying Agent in a local jurisdiction) bear a credit risk against that intermediate entity with respect to (a) subscription monies prior to the transmission of such monies to the Administrator for the account of the CCF or the relevant Fund and (b) redemption monies payable by such intermediate entity to the relevant Unitholder.

The Manager may, in accordance with the requirements of the Central Bank, appoint Paying Agents in one or more countries. Where a Paying Agent is appointed in a particular country it will maintain facilities whereby Unitholders who are resident in the relevant country can obtain payment of distributions and redemption proceeds, examine and receive copies of the Deed of Constitution and periodic reports and notices of the CCF and make complaints if and when appropriate which shall be forwarded to the CCF's registered office for consideration.

## 5.8. Portfolio Transactions and Conflicts of Interest

Subject to the provisions of this section, the Manager, the Investment Manager, the Administrator, the Depositary, the Distributor or any of their respective subsidiaries, associates or group companies or delegates (each a **Connected Party**) may contract or enter into any financial, banking or other transaction with one another or with the CCF. This includes, without limitation, investment by the CCF in securities of any Connected Party or investment by any Connected Party in any company or bodies any of whose investments form part of the assets comprised in any Fund or be interested in any such contract or transactions. In addition, any Connected Party may invest in and deal in Units relating to any Fund or any property of the kind included in the property of any Fund for their respective individual accounts or for the account of someone else. In the event of a conflict arising, each Connected Party shall ensure that the conflict will be resolved fairly.

Each Connected Party is or may be involved in other financial, investment and professional activities which may on occasion cause a conflict of interest with the management of the CCF and/or their respective roles with respect to the CCF. These activities may include managing or advising other funds, purchases and sales of securities, banking and investment management services, brokerage services, valuation of securities (in circumstances in which fees may increase as the value of assets increases) and serving as directors, officers, advisers or agents of other funds or companies, including funds or companies in which the CCF may invest.

Any cash of the CCF may be deposited, subject to the provisions of the Central Bank Acts, 1942 to 2010, of Ireland, as amended by the Central Bank and Financial Services Regulatory Authority of Ireland Acts, 2003 to 2004 with any Connected Party or invested in certificates of deposit or banking instruments issued by any Connected Party. Banking and similar transactions may also be undertaken with or through a Connected Party.

Any Connected Party may also deal as agent or principal in the sale or purchase of securities and other investments to or from the relevant Fund. There will be no obligation on the part of any Connected Party to account to the

relevant Fund or to Unitholders for any benefits so arising, and any such benefits may be retained by the relevant party, provided that such transactions are carried out as if effected on normal commercial terms negotiated at arm's length, are consistent with the best interests of the Unitholders collectively of that Fund and:

- a. a certified valuation by a person approved by the Depositary (or the Manager in the case of a transaction involving the Depositary) as independent and competent has been obtained; or
- b. the relevant transaction is executed on best terms reasonably obtainable on an organised investment exchange in accordance with the rules of such exchange; or
- c. where the conditions set out in (a) and (b) above are not practical, the relevant transaction is executed on terms which the Depositary is (or the Manager in the case of a transaction involving the Depositary) satisfied conform with normal commercial terms negotiated at arm's length and are consistent with the best interests of Unitholders.

For certain Funds, entities of the HSBC Group may invest an initial amount, known as 'seed capital'. This seed capital supports the operations of a Fund in its early existence prior to material external investment. As the size of a Fund increases, the relevant entity of the HSBC Group will withdraw all seed capital according to a set policy, and will manage any withdrawal with the best interests of the remaining Unitholders. While the seed capital is in a Fund, the seeding entity of the HSBC Group may choose to hedge some or all of its risk exposures in the Fund to help manage balance sheet risks. Non-public information on the portfolio will for those purposes be solely made available to the investment manager hedging these risk exposures on behalf of the seed investor. Such non-public information will also be made available on request to all Unitholders in the relevant Fund.

In addition, the CCF may provide portfolio holding information to affiliates of the HSBC Group for certain purposes, including but not limited to, risk management and regulatory reporting.

The Investment Manager may also, in the course of its business, have potential conflicts of interest with the CCF in circumstances other than those referred to above. The Investment Manager will, however, have regard in such event to its obligations under the Investment Management and Distribution Agreement and, in particular, to its obligations to act in the best interests of the CCF so far as practicable, having regard to its obligations to other clients when undertaking any investments where conflicts of interest may arise and will endeavour to ensure that such conflicts are resolved fairly as between the CCF, the relevant Funds and other clients. The Investment Manager will ensure that investment opportunities are allocated on a fair and equitable basis between the CCF and its other clients.

As the fees of the Investment Manager are based on the Net Asset Value of a Fund, if the Net Asset Value of the Fund increases so too do the fees payable to the Investment Manager and accordingly there is a conflict of interest for the Investment Manager in cases where the Investment Manager is responsible for determining the valuation price of a Fund's investments.

## 5.9. Soft Commissions

It is not intended, unless disclosed in the relevant Supplement, that any soft commission arrangements will be entered into in relation to any Fund created in respect of the CCF. In the event that the Investment Manager enters into soft commission arrangement(s) it shall ensure that such arrangement(s) shall (a) be consistent with best execution standards (b) assist in the provision of investments services to the relevant Fund and (c) brokerage rates will not be in excess of customary institutional full-service brokerage rates. Details of any such arrangement will be contained in the financial statements of the Fund. In the event that this is the unaudited semi-annual financial statements, details shall also be included in the following annual financial statements.

## 5.10. Collection of Applicant Information

Applicant Information may be collected, generated or requested by the Manager, HSBC or another Service Provider from the Applicant from time to time, and may be processed and stored by HSBC (or by HSBC Group or third parties in the circumstances described below) or another Service Provider in relation to or in connection with any Services, Compliance Obligations and/or Financial Crime Risk Management Activities or Data Protection Legislation.

An Applicant's failure to supply Applicant Information reasonably requested by HSBC or a Service Provider, or to consent to the use of such Applicant Information (which may include transferring and disclosing such information) in the circumstances set out in this Prospectus, or to take such other action as may be reasonably requested by HSBC (in writing) in connection with any Tax Information, may result in HSBC (or a Service Provider) being unable to provide or continue to provide directly or indirectly all or part of its Services to the Applicant, and/or any of the following:

- a. taking whatever actions are necessary or appropriate for HSBC Group or another Service Provider to comply with local or foreign disclosure and reporting obligations to the relevant Authorities;
- b. reaching appropriate conclusions as to the status of the Applicant's account(s) (including that any account(s) fall(s) within the terms of any demand for information made by the appropriate Tax Authorities or is otherwise reportable to such Tax Authorities, irrespective of the actual status of any such account(s),
- c. withholding such taxes as may be required by any Tax Authorities that may be due from certain payments made to the Applicant's account and/or paying the relevant taxes to the appropriate Tax Authorities;
- d. engaging in a compulsory redemption of the Applicant's share of the Fund; and/or closing Applicant account(s).

The Applicant agrees to inform in a timely manner, or respond within the time specified in any request from, HSBC or a member of the HSBC Group, or another Service Provider if there are any changes to Applicant Information and/or Entity Status Information (as applicable) previously provided to HSBC or a member of the HSBC Group or another Service Provider.

### 5.10.1. Provisions Specific to Applicants that are Entities:

It is for the Applicant to notify and/or obtain any and all requisite consents from its employees, directors, officers, "substantial owners", "controlling persons" (as defined above), and the companies in the Applicant's group (and such companies' employees), to the processing, storage, disclosure and transfer, of any such person's Personal Data and Tax Information by HSBC or HSBC Group or another Service Provider arising from or in connection with this Prospectus. Neither HSBC nor any other member of the HSBC Group or another Service Provider shall be liable to the Applicant or any third party in respect of any losses suffered or incurred in this regard.

In respect of Tax Information, the Applicant shall: (a) provide an entity level written waiver or consent and an owner reporting statement annually; and/or (b) upon request by HSBC, obtain a written waiver or consent from each entity's "substantial owners" or "controlling persons" (as defined above). Such consents shall be provided to HSBC to allow HSBC to maintain, disclose and report tax and account specific financial information to any local or foreign tax or fiscal authority.

### 5.10.2. Use and Disclosure of Applicant Information

Without prejudice to any consents, authorisations, waivers and permissions that already exist from the Applicant to HSBC or another Service Provider in relation to Applicant Information (which shall continue to apply in full force and effect), the Applicant acknowledges and agrees that HSBC or another Service Provider may use, process, store, transfer and disclose any Applicant Information to, and subsequently by, the following recipients, wherever located:

- a. any member of HSBC Group or another Service Provider in connection with or arising from any Services, Compliance Obligations and/or Financial Crime Risk Management Activities;
- b. any third party sub-contractors, agents, service providers, or joint venture partners of HSBC Group (including their respective employees, directors and officers) in connection with or arising from any Services, Financial

Crime Risk Management Activities, regulatory trade reporting or the collection of any amounts due and outstanding from the Applicant;

- c. any Authorities, in connection with or arising from the Compliance Obligations or Financial Crime Risk Management Activities;
- d. payment beneficiaries or persons acting on behalf of the Applicant for the purpose of providing the Services;
- e. any party to a transaction acquiring interest in or assuming risk in the Services;

## 5.11. Financial Crime Risk Management Activities

Notwithstanding and in addition to the above, HSBC or another Service Provider may take any other action which in its sole and absolute discretion it considers appropriate to comply with laws, regulations, sanctions regimes, international guidance, HSBC Group internal policies and procedures, a Service Provider's internal policies and procedures and/or demands from any Authorities, relating to or in connection with or furtherance of any Financial Crime Risk Management Activity. Such action may include, without limitation, intercepting, investigating, delaying, blocking or refusing any payment or provision of all or part of the Services or an application for Services, or drawdown or utilisation of a credit facility; processing Applicant Information (which includes but is not limited to matching Applicant Information with other data in possession of HSBC Group); and the disclosure of Applicant information relating to the same.

Any Authorities may also take any action under relevant laws and regulations relating to financial crime which may result in any of the above actions.

Neither HSBC nor any other member of HSBC Group nor a Service Provider shall be liable to the Applicant or any third party in respect of any losses howsoever arising, suffered or incurred by the Applicant or third party caused in whole or in part in connection with or arising in respect of any Financial Crime Risk Management Activities.

## 6. Unit Dealings

### 6.1. Subscription for Units

Prior to an initial application for Units being made, an account must be opened with the Administrator. In order to open an account, a signed Application Form together with all required supporting documentation including in connection with anti-money laundering due diligence checks must be submitted to, reviewed and accepted by the Administrator. The fully completed and signed Application Form together with all required supporting documentation must be returned by post, fax or email, as specified within the Application Form, to the Administrator. Once received, duly assessed and processed by the Administrator, the Administrator will provide confirmation of the account number of the Applicant to the authorised contact(s) of the Applicant, following which the initial subscription for Units may be placed by the Applicant. A copy of Application Form may be obtained from the Administrator or the Distributor.

Applications for the initial subscription or subscription monies must not be forwarded until the Administrator has confirmed the Applicant's account number to the authorised contact(s) of the Applicant, which may take up to five (5) Business Days from receipt of the completed Application Form and supporting documentation by the Administrator. Any subscription requests received together with the Application Form will be rejected. An incomplete Application Form (including where compulsory information and/or anti-money laundering verification documents have not been provided in advance) will be rejected and any subscription monies submitted in connection with such subscription request or incomplete Application Form will be returned to the Applicant provided that such return is permissible under applicable anti-money laundering regulations. The subscription monies, if already received, will be returned to the Applicant and will be subject to applicable charges incurred, if any, and returned as soon as possible by electronic wire transfer but without interest or compensation.

Application for the initial (and subsequent) subscription for Units may be submitted by completing the subscription form within the Application Form. The Application Form sets out the methods by which and to whom the subscription monies should be sent. Subscription requests shall (save as determined by the Manager) be irrevocable and may be submitted in original form, sent by signed facsimile, email (a scanned, signed copy) or other electronic means deemed acceptable to the Administrator at the risk of the Applicant, prior to the relevant deadline for receipt of same (see further below). Any subscription requests submitted by electronic means must be in a form and method agreed by the Manager and the Administrator. The Applicant's account number must be specified on all subscription requests.

Issues of Units will normally be made with effect from a Dealing Day in respect of instructions received on or prior to the Dealing Deadline. The Dealing Deadline relating to each Fund is set out in the Supplement for the relevant Fund. The Manager may nominate additional Dealing Days upon advance notice to Unitholders. Applications for subscription received after the Dealing Deadline for the relevant Dealing Day shall be deemed to have been received by the next Dealing Deadline.

The Manager, in consultation with the Administrator, may however in its sole and absolute discretion accept applications received subsequent to this deadline in exceptional circumstances provided they are received prior to the Valuation Point for the relevant Dealing Day. The Administrator reserves the right to request such information as is necessary to verify the identity of the Applicant. In the event of delay or failure by the Applicant to produce any information required for verification purposes, the Administrator or the Manager may refuse to accept the application. Applications will be irrevocable unless the Manager otherwise agrees.

Only clear and complete subscription request will be accepted. Subscription request will not be considered complete unless the Manager and/or the Administrator have/has received all information and supporting documentation they/it deem(s) necessary to process the subscription request. Subscription request will not be deemed to be complete until all anti-money laundering procedures have been completed.

Neither of the Manager or the Administrator will accept liability for any loss suffered by Applicant as a result of their submitting unclear or incomplete subscription request. No interest will be paid to the Applicant/Unitholder on subscription monies received by the Administrator prior to receiving clear and complete subscription request.

Subsequent subscription requests may be submitted in writing, sent by facsimile or email, or electronically as agreed with the Central Bank and the Administrator. Applications can only be made into Classes with the same tax treatment/benefits under taxation treaties as Classes already held. Any changes to a Unitholder's registration or payment details or payment instructions will only be made on receipt of an appropriately signed instruction and must be accompanied by a bank statement or a banker's reference. A redemption request may be processed but no redemption payment may be made to a Unitholder until the fully completed Application Form has been received (including any tax documentation and/or supporting documentation required in connection with anti-money laundering requirements) and the anti-money laundering procedures have been completed. The Manager and the Administrator shall be held harmless by the Applicant against any loss arising as a result of the failure to process the application if such information as has been requested by the Administrator has not been provided by the Applicant.

The Minimum Initial Investment Amount for Units of each Fund that may be subscribed for by each Applicant on initial application and the Minimum Unitholding for Units of each Fund is set out in the Supplement for the relevant Fund.

Fractions of up to four decimal places of a Unit will be issued. Subscription moneys representing smaller fractions of Units will not be returned to the Applicant but will be retained as part of the assets of the relevant Fund.

Under the Deed of Constitution, the Manager has absolute discretion to accept or reject in whole or in part any applications for Units without assigning any reason therefore. The Application Form contains certain conditions regarding the application procedure for and the holding of Units in the CCF and certain indemnities in favour of the Manager, the Investment Manager, the Administrator, the Depositary, the Distributor and the other Unitholders for any loss suffered by them as a result of certain Applicants acquiring or holding Units.

If an application is rejected, the Administrator at the cost and risk of the Applicant will, subject to any applicable laws, return application monies or the balance thereof, without interest, expenses or compensation by electronic transfer to the account from which it was paid.

## 6.2. Issue Price

The Initial Issue Price for Units in the relevant Fund shall be the amount set out in the Supplement for the relevant Fund. After the close of the Initial Offer Period for Units in the relevant Fund, Units will be issued on a Dealing Day at the Issue Price.

The Manager may make an adjustment by way of an addition to or reduction (as appropriate) of the subscription amount which will be reflected in the Issue Price when there are net subscriptions to include a Swing Pricing adjustment which the Investment Manager considers represents an appropriate figure to cover dealing costs and/or to preserve the value of the underlying assets of the relevant Fund. Any such Swing Pricing adjustment shall be retained for the benefit of the relevant Fund and the Manager reserves the right to waive such charge at any time.

## 6.3. Payment for Units

Payment in respect of the issue of Units must be made to the CCF (the relevant account will be specified in the Application Form or otherwise notified to Unitholders in advance) by the relevant Settlement Date by wire transfer in cleared funds in the currency of denomination of the relevant Class applied for.

The Manager may make an adjustment by way of a deduction from the subscription monies received when there are net subscriptions to include an Anti-Dilution Levy which the Investment Manager considers represents an appropriate figure to cover dealing costs and/or to preserve the value of the underlying assets of the relevant Fund. Any such Anti-Dilution Levy shall be retained for the benefit of the relevant Fund and the Manager reserves the right to waive such Anti-Dilution Levy at any time.

It is the responsibility of Applicants to transmit payment for subscriptions promptly, quoting the account number provided by the Administrator. Applicants shall be responsible for their own bank charges, including any lifting fees or commissions. The value received in the CCF's bank account must equal the subscription amount, including any provision for Swing Pricing or an Anti-Dilution Levy, if applicable.

An account is maintained by the Manager/Depository for the CCF, and operated by the Administrator, in each relevant Base Currency or other currencies of denomination of a Class at umbrella level (the **Umbrella Cash Account**) for the purposes of (a) receiving subscriptions monies from Applicants for the issue of Units; (b) paying redemption monies to investors; and (c) paying Gross Income to Unitholders of Gross Income Classes. While this account has not been established at individual Fund level, the Manager and the Administrator have policies and procedures in place to govern the operation of the Umbrella Cash Account, in particular to ensure principles of segregated liability between Funds are maintained.

The subscription monies are held in the Umbrella Cash Account for the account of the relevant Fund pending settlement of the associated issue of Units. In consideration of the issue of Units, the subscription monies are transferred to the relevant Fund custody cash account at the Settlement Date. Until the issue of Units, the entitlement of Applicants to the subscription monies paid into the Umbrella Cash Account is that of an unsecured creditor. Investors do not become a Unitholder until the Units are issued. An Applicant for Units does not benefit from any appreciation of the Net Asset Value of the relevant Units subscribed for or any other Unitholder rights (including any Gross Income entitlements) until such time as the Applicant becomes a Unitholder.

#### **Consequences of failed or late settlement**

Units are not issued until subscription monies have been received. An allotment of Units may be made provisionally pending receipt of cleared funds by the Settlement Date.

If payment in full has not been received by the Settlement Date, or in the event of non-clearance of funds, the Manager at its discretion may:

- a. cancel all or part of any allotment of Units made in respect of such subscription; or
- b. where the outstanding settlement proceeds are received after the Settlement Date, instruct the Administrator to treat the application as an application for such number of Units as may be purchased with such payment on the next Dealing Day following receipt of payment in full of cleared funds.

In such cases the Manager may seek reimbursement from the Applicant on demand for any resulting loss incurred by the relevant Fund, including any overdraft costs, trading related costs and compensation for negative market movements arising on the reversal of trades made ahead of the proposed settlement of the subscription request. Should the Applicant fail to reimburse such costs and losses on demand the Manager may pursue the Applicant for recovery on behalf of the CCF. For existing Unitholders, such costs and losses may, if the Unitholder fails to reimburse the CCF on demand, also be recovered through the sale of all or part of the Unitholders holdings in the CCF.

The Manager on behalf of the CCF also reserves the right to charge interest at a reasonable commercial rate on subscriptions which are settled late.

## **6.4. In Specie Issues**

The Directors may in their absolute discretion accept payment for Units of a Fund in specie, and may allot Units in the Fund provided that arrangements are made to vest in the Depository on behalf of the CCF investments which would form part of the assets of the relevant Fund and provided that (a) the Depository is satisfied that there is unlikely to be any material prejudice to existing Unitholders in the relevant Fund; and (b) such investments would qualify as an investment of the relevant Fund in accordance with its investment objective, policies and restrictions. The number of Units to be issued in this way shall be the number which would have been issued for cash against the payment of a sum equal to the value of the investments. The value of the investments to be vested shall be

calculated by applying the valuation methods described under the section entitled **Calculation of Net Asset Value/Valuation of Assets** below.

## 6.5. Anti-Money Laundering Provisions

Measures provided for under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 – 2021 (the **Acts**) which is aimed towards the prevention of money laundering, require identification and verification of the identity of each Applicant and its beneficial owners, as applicable, and on-going due diligence of the Applicant and the Applicant's account with the CCF.

The Manager and the Administrator each reserve the right to request information and documentation to comply with its obligations to the CCF or otherwise, including but not limited to, information and documentation in relation to the verification of identity of an Applicant and its beneficial owners, as applicable, the source of funds and/or ongoing due diligence of an Applicant and its account with the CCF. In the event of delay or failure by the Applicant to produce any information or documentation required for such purposes, the Manager and/or the Administrator may refuse to accept the application and return all subscription monies or compulsorily redeem such Unitholder's Units and/or payment of Redemption Proceeds will be withheld and will not be dispatched to a Unitholder until such information or documentation is received by the Administrator and none of the Fund, the Directors, the Manager, the Investment Manager, the Depositary or the Administrator shall be liable to the Applicant or Unitholder where an application for Units is not processed or Units are compulsorily redeemed or Redemption Proceeds are withheld in such circumstances. If an application is rejected, the Administrator will return application monies or the balance thereof by electronic transfer in accordance with any applicable laws to the account from which it was paid at the cost and risk of the Applicant.

## 6.6. Compliance with International Sanctions

The CCF is required to comply with all applicable Sanctions Laws (as set out below). In order to ensure such compliance, the Manager has adopted HSBC Group's Global Sanctions Policy. In accordance with that policy, the Administrator shall screen all Applicants and all known beneficial owners of subscribed. Funds against the SDN (Specially Designated Nationals) list maintained by the Office of Foreign Asset Control of the US Department of the Treasury, the Consolidated List maintained by the European Union and the list maintained by the Hong Kong Monetary Authority.

In the event of a potential match, the Administrator may request an existing investor or new Applicant to provide further information needed to assess whether that person is the person flagged in the screening. If they are, the Manager may decide that the existing investor's investment shall be redeemed or if a new Applicant, that their application will be refused. In the event of an unreasonable delay in providing or failure to provide such information, that existing investor's holding will be redeemed or refused.

To the extent that the CCF's performance of any obligations set out in this Prospectus is or becomes prohibited by an applicable Sanctions Law, the CCF shall not be obliged to perform the relevant obligation, including honouring redemption requests.

Sanctions Laws include:

- a. any EU Regulation adopted under Article 215 of the Treaty on the Functioning of the European Union, and any legal act adopted by a Member State of the European Union to implement, establish penalties in relation to or otherwise give full effect to such a Regulation;
- b. any sanctions resolution passed pursuant to Chapter VII of the United Nations Charter by the United Nations Security Council, and any trade, financial or economic sanctions law or embargo giving legal effect to such a sanctions resolution; and

- c. any other trade, financial or economic sanctions law or regulation made by a relevant authority of the United States of America, the United Kingdom, the European Union, the Hong Kong Monetary Authority or other applicable government, including US secondary sanctions.

## 6.7. Form of Units and Confirmation of Ownership

Units will be in non-certificated and registered form. A contract note providing details of a trade on a Unitholder's account will normally be issued within two Business Days after the Dealing Day. Confirmation of ownership evidencing entry in the register will normally be issued within thirty (30) Business Days of the relevant Dealing Day upon receipt of all documentation required by the Administrator. Unit certificates will not be issued. The Unitholder register of each Fund shall be kept by the Administrator at its registered office.

## 6.8. Data Protection

Prospective Unitholders should note that by completing the Application Form and providing any other personal information in connection with an application for or the holding of Units in the CCF they are providing personal information which may constitute personal data within the meaning of the Data Protection Legislation of Ireland. This data will be used for the purposes of client identification, administration, transfer agency, statistical analysis, research and disclosure to the Manager, its delegates and agents.

By signing the Application Form, Unitholders acknowledge that they are providing their consent to the Manager, its delegates and its or their duly authorised agents and any of their respective related, associated or affiliated companies wherever located (including outside the EEA) obtaining, holding, using, disclosing and processing the data for any one or more of the following purposes:

- a. to manage and administer the investor's holding in the relevant Fund and any related accounts on an on-going basis;
- b. for any other specific purposes where the investor has given specific consent or for such specific purpose as set out in the Application Form;
- c. to carry out statistical analysis and market research;
- d. to comply with legal and regulatory obligations or tax requirements in any jurisdiction applicable to the investor and the Manager;
- e. for disclosure or transfer whether in Ireland or countries outside Ireland and outside of the European Economic Area, including without limitation, the United States of America, which may not have the same data protection laws as Ireland, to third parties including financial advisers, regulatory bodies, tax authorities, auditors, technology providers or to the Manager, the Investment Manager, the Administrator, the Depositary and their delegates or their duly appointed agents and any of their respective related, associated or affiliated companies for the purposes specified above; and
- f. for other legitimate business interests of the Manager.

Please note that investor's personal data will be retained by the Manager for the duration of the relevant investment and otherwise in accordance with the Manager's legal obligations. Pursuant to the Data Protection Legislation, Unitholders have a right of access to their personal data kept by the Manager or the Administrator, the right to amend and rectify any inaccuracies in their personal data held by the Manager or the Administrator and the right to data portability of their personal data held by the Manager by making a request to the Manager in writing at Carne Global Fund Managers (Ireland) Limited, 3<sup>rd</sup> Floor, 55 Charlemont Place, Dublin 2, Ireland. For further information in relation to your data protection rights refer to the website of the Office of the Data Protection Commissioner at [www.dataprotection.ie](http://www.dataprotection.ie).

The Manager is a data controller within the meaning of the Data Protection Legislation and undertakes to hold any personal data provided by investors in confidence and in accordance with the Data Protection Legislation.

## 6.9. Limitations on Purchases

Units may not be issued or redeemed by the Manager during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under **Suspension of Calculation of Net Asset Value** below. Applicants for Units will be notified of such postponement and, unless withdrawn, their applications will be processed as at the next Dealing Day following the ending of such suspension.

Units may not be directly or indirectly offered or sold in the United States or purchased or held by or for U.S. Persons unless the Manager determines that (a) the transaction is permitted under an exemption available under the Securities Act (b) the relevant Fund and CCF continues to be entitled to an exemption from registration as an investment company under the Investment Company Act if such person holds Units and (c) such holding of Units shall not cause the CCF to incur any adverse US taxation consequences.

Unitholders are required to notify the Manager and the Administrator immediately in the event that they become a U.S. Person and the Manager may, at the discretion of the Manager, redeem or otherwise dispose of the Units held by such Unitholder to non U.S. Persons.

## 6.10. Redemption of Units

All requests for the redemption of Units should be made to the Administrator in writing, by facsimile or email, or electronically as agreed with the Central Bank and the Administrator and received on or prior to the Dealing Deadline for the Dealing Day. All such requests must quote the relevant Unitholder account number, the relevant Fund(s) and Class and any other information that the Administrator reasonably requires.

Redemption requests in writing, by facsimile or by email received in the prescribed format, containing all required information, and signed on behalf of the Unitholder by an authorised person will be treated as definite orders and no redemption request will be capable of withdrawal after acceptance by the Administrator. Requests received on or prior to the relevant Dealing Deadline will, subject as mentioned in this section and in the relevant Supplement, will be dealt with on the relevant Dealing Day. Redemption requests received after the Dealing Deadline shall, unless the Manager otherwise agree on an exceptional basis and provided they are received before the relevant Valuation Point, be treated as having been received by the following Dealing Deadline.

If requested, the Manager may, in its absolute discretion agree to designate additional Dealing Days and Valuation Points for the redemption of Units relating to any Fund provided that all Unitholders in the relevant Fund shall be notified in advance.

The Manager or the Administrator may decline to effect a redemption request which would have the effect of reducing the value of any holding of Units relating to any Fund below the Minimum Unitholding for that Class of Units of that Fund as detailed in the relevant Supplement. Any redemption request which would have the effect of reducing the value of any holding of Units relating to any Fund below the Minimum Unitholding for that Class of Units of that Fund may be treated by the Manager as a request to redeem the Unitholder's entire holding of that Class of Units. No redemption payment may be made to a Unitholder until the fully completed Application Form and all supporting documentation required by the Administrator, including any document in connection with the AML Acts or other requirements and/or any anti-money laundering procedures have been completed, sent to and received by the Administrator.

If the CCF, any Fund or any Unitholder becomes liable to account for tax in any jurisdiction as a result of the Unitholder or beneficial owner of the Unit having received a payment of Gross Income in respect of his/her existing Units or in respect of Units which were disposed or redeemed (or being deemed to have so received a payment of Gross Income in respect of such Units)(a "Chargeable Event") the Manager shall be entitled to deduct from any gross payment arising on a Chargeable Event an amount equal to the appropriate tax and any interest or penalties thereon and/or appropriate, cancel or compulsorily redeem such number of Units held by the Unitholder or beneficial owner as are required to discharge such liabilities. The relevant Unitholder shall indemnify and keep the Manager on behalf of the CCF or the relevant Fund indemnified against any loss arising to the CCF or the Fund by reason of the

CCF or the Fund becoming liable to account for tax in any jurisdiction on the happening of a Chargeable Event if no such deduction, appropriation or compulsory redemption had been made.

## 6.11. Redemption Price

The price at which Units will be redeemed on a Dealing Day is the Net Asset Value per Unit of the relevant Class on the relevant Dealing Day less any duties and charges as set out in this Prospectus or the relevant Supplement. The method of establishing the Net Asset Value of any Fund and the Net Asset Value per Unit of any Class of Units in a Fund is set out in the Deed of Constitution as described herein under the section entitled **Calculation of Net Asset Value/Valuation of Assets** below.

The Manager may make an adjustment by way of a deduction from the Redemption Price when there are net redemptions to include a Swing Pricing adjustment which the Investment Manager considers represents an appropriate figure to cover dealing costs and to preserve the value of the underlying assets of the relevant Fund. Any such Swing Pricing adjustment shall be retained for the benefit of the relevant Fund and the Manager reserves the right to waive such Swing Pricing adjustment at any time.

The Manager may estimate the value of cash dividends and interest declared and withholding taxes, reclaimed or accrued and not yet received by the relevant Fund as at the relevant Valuation Point which is attributable to the Units being redeemed may be estimated, this amount the Manager shall be entitled to retain from the Redemption Proceeds pending actual receipt and reconciliation of such cash dividends, interest and reclaims. Upon actual receipt and reconciliation of such cash dividends and interest, the Manager will calculate the redeeming Unitholder's actual entitlement to such cash dividends and interest as of the Valuation Point applicable to the redemption. The Manager will arrange a payment to be made to the Unitholder taking into account the foreign exchange rate applied to such cash dividend, interest or reclaim when it is received and after deducting any relevant fees, costs, charges and expenses payable by the Unitholder in relation to such cash dividends, interest and reclaims. Redeeming Unitholders who redeem their entire holding should be aware that in such circumstances they may not receive the full amount of their Redemption Proceeds and that the balance will be payable to Unitholders upon receipt of the relevant cash dividends, interest and reclaims by the Fund as described above and which may be several months after the relevant Dealing Day.

## 6.12. Payment of Redemption Proceeds

The Redemption Proceeds (minus any charge provided for above or in the relevant Supplement and after deduction of Irish tax (if any) applicable to the payment) will be paid at the Unitholder's risk and expense by electronic transfer to an account in the name of the Unitholder in the currency of denomination of the relevant Class (or in such other currency as the Manager shall determine) by the Settlement Date. In respect of redemption requests received in writing or by facsimile, payment of such Redemption Proceeds will be made to the registered Unitholder.

The Manager may make an adjustment by way of a deduction from the Redemption Proceeds when there are net redemptions to include an Anti-Dilution Levy which the Investment Manager considers represents an appropriate figure to cover dealing costs and to preserve the value of the underlying assets of the relevant Fund. Any such Anti-Dilution Levy shall be retained for the benefit of the relevant Fund and the Manager reserves the right to waive such Anti-Dilution Levy at any time.

On the redemption of Units by reference to the relevant Valuation Point such Units shall be cancelled and withdrawn and the Unitholder shall cease to be a Unitholder with respect to such redeemed Units. Thereafter and until payment of the Redemption Proceeds by the Settlement Date, such Redemption Proceeds will be held in Umbrella Cash Account. The payee of such Redemption Proceeds from the Umbrella Cash Account will be an unsecured general creditor of the particular Fund and will not benefit from any appreciation in the Net Asset Value of the Fund or any other Unitholder rights with respect to the Redemption Proceeds held in the Umbrella Cash Account.

Any failure to supply the Manager or the Administrator with any documentation requested by them for anti-money laundering or anti-fraud purposes, as described above, may result in a delay in the settlement of Redemption

Proceeds. In such circumstances, the Administrator will process any redemption request received by a Unitholder, however the proceeds of that redemption shall remain an asset of the Fund and the Unitholder will rank as a general unsecured creditor of the CCF until such time as the Administrator is satisfied that its anti-money-laundering and anti-fraud procedures have been fully complied with, following which Redemption Proceeds will be released.

### 6.13. Limitations on Redemption

The Administrator will not effect any redemption requests of any Fund during any period when the calculation of the Net Asset Value of the relevant Fund is suspended in the manner described under the section entitled **Suspension of Calculation of Net Asset Value** below. Unitholders requesting redemption of Units will be notified of such postponement and, unless withdrawn, their applications will be processed as at the next Dealing Day following the ending of such suspension.

The Manager may at its discretion limit the number of Units of a Fund redeemed on any Dealing Day to Units representing 10% or more of the total number of Units in the Fund or Units representing 10% or more of the Net Asset Value of that Fund on that Dealing Day. In this event, the limitation will apply *pro rata* so that all Unitholders wishing to have Units of that Fund redeemed on that Dealing Day realise the same proportion of such Units. Units not redeemed, but which would otherwise have been redeemed, will be carried forward for redemption on the next Dealing Day subject always to the foregoing limit. If requests for redemptions are so carried forward, the Administrator will inform the Unitholders affected.

### 6.14. In Specie Redemptions

The Manager may at the request and/or with the consent of the relevant Unitholder satisfy a redemption request by a distribution of investments of the relevant Fund in specie provided that such a distribution would not be prejudicial to the interests of the remaining Unitholders of that Fund. Where a redemption request is received from a Unitholder which would result in Units representing more than 5% of the Net Asset Value of any Fund being redeemed on any Dealing Day, the Manager may, at its discretion, determine to satisfy the redemption request by a distribution of investments of the relevant Fund in specie. Where the Unitholder requesting such redemption receives notice of the CCF's intention to elect to satisfy the redemption request by such a distribution of assets that Unitholder may require the Administrator, instead of transferring those assets, to arrange for their sale and the payment of the proceeds of sale to that Unitholder less any costs incurred in connection with such sale.

In all cases, the particular assets to be transferred will be determined by the Manager in consultation with the Investment Manager on such basis as the Manager in its discretion, with the approval of the Depositary, consider not to be prejudicial to the interests of the remaining Unitholders in the Fund. The value of the assets to be transferred will be determined on the same basis as used in calculating the Net Asset Value of the Fund and may be adjusted as the Manager in consultation with the Investment Manager may determine to reflect the liabilities of the Fund as a result of the transfer of such assets, provided that the asset allocation is subject to the approval of the Depositary. Any shortfall between the value of the assets transferred on a redemption in specie and the Redemption Proceeds which would have been payable on a cash redemption will be satisfied in cash. Any decline in the value of the assets to be transferred in settlement of a redemption between the relevant Dealing Day and the day on which such assets are delivered to the redeeming Unitholder will be borne by the redeeming Unitholder.

### 6.15. Mandatory Redemptions

The Manager may compulsorily redeem all of the Units of any Fund if the Net Asset Value of the relevant Fund is less than the Minimum Fund Size specified in the Supplement for the relevant Fund. The Manager may also compulsorily redeem all of the Units of any Unitholder if the holding of the Units by that Unitholder is less than the Minimum Unitholding set for that Class of Units by the Manager. In such circumstances the Manager reserves the right, on giving prior notification to such Unitholder(s) to compulsorily redeem Units at the next Valuation Point and to return the Redemption Proceeds to the Unitholder, provided that the Application Form signed by or on behalf of the

Unitholder and all documentation required by the Administrator, including any document in connection with the AML Act or other requirements and/or any anti-money laundering procedures have been completed and received by the Administrator.

The CCF reserves the right to impose restrictions on the holding or transfer of Units directly or indirectly by or to and to redeem Units held by:

- a. a person or entity who, in the opinion of the Manager is a US Person as defined herein or falling within the definition of **U.S. Person** under FATCA unless the Manager determines (a) the transaction is permitted under an exemption available under the Securities Act and (b) the relevant Fund and the CCF continue to be entitled to an exemption from registration as an investment company under the securities laws of the US, including the Investment Company Act and (c) does not cause the Fund or the Investment Manager to incur any adverse US taxation or regulatory or legal consequences;
- b. a person or entity who breached or falsified representations on the Application Form;
- c. a person or entity who appears to be in breach of any law or requirement of any country or government authority or by virtue of which such person or entity is not qualified to hold Units or if the holding of the Units is unlawful;
- d. a person or entity who has not provided the required tax documentation or supporting documentation for money laundering prevention checks;
- e. a person or entity if the holding of the Units by that person or entity is unlawful or is less than the Minimum Initial Investment Amount set for that Class of Units by the Manager;
- f. a person or entity in circumstances which (whether directly or indirectly affecting such person or persons, and whether taken alone or in conjunction with any other persons, connected or not, or any other circumstances appearing to the Manager to be relevant), in the opinion of the Manager, might result in the CCF or the relevant Fund incurring any liability to taxation or suffering any pecuniary liability to taxation or suffering other pecuniary, legal, regulatory, taxation or material administrative disadvantage which the relevant Fund might not otherwise have incurred or suffered (including where the relevant Fund suspects market timing) or might result in the relevant Fund being required to comply with registration or filing requirements in any jurisdiction with which it would not otherwise be required to comply or is otherwise prohibited by the Deed of Constitution;
- g. any transfer in regard to which any payment of taxation remains outstanding; and
- h. in any other circumstances set out in the Deed of Constitution.

If it shall come to the notice of the Manager or if the Manager shall have reason to believe that any Units are owned directly or beneficially by any person or persons in breach of any restrictions imposed by the Manager, the Manager shall be entitled to (a) give notice (in such form as the Manager deems appropriate) to such person requiring such person to request in writing the redemption of such Units in accordance with the Deed of Constitution and/or (b) as appropriate, compulsorily redeem and/or cancel such number of Units held by such person and may apply the proceeds of such compulsory redemption in the discharge of any taxation or withholding tax arising as a result of the holding or beneficial ownership of Units by such person including any interest or penalties payable thereon.

Any outstanding proceeds of such compulsory redemption will not be paid unless the Application Form signed by or on behalf of the Unitholder and all documentation required by the Administrator, including any document in connection with the AML Act or other requirements have been received by the Administrator and/or any anti-money laundering procedures have been completed.

If the Manager decides to terminate a Fund, all of the Unitholders in the relevant Fund will be so notified by the Manager and will be deemed to have requested within thirty (30) days of the date of the notice that their Units be redeemed by the Manager in accordance with the redemption procedures set out in this Prospectus. The Manager may delay the payment of total Redemption Proceeds until all assets and receivables are liquidated and may make

adjustments to the amount of Redemption Proceeds payable to Unitholders in order to reflect the final value of such assets and receivables upon termination.

## 6.16. Exchange of Units

Unless otherwise determined by the Manager, Unitholders will be able to apply to exchange on any Dealing Day all or part of their holding of Units of any Class in any Fund (the **Original Class**) for Units in another Class in a Fund which are being offered at that time (the **New Class**) (such Class being in the same Fund or in a separate Fund) provided that all the criteria for applying for Units in the New Class have been met. Applications can only be made into Classes with the same tax treatment/benefits under taxation treaties as Classes already held (including being entitled to the same tax treatment/benefits under taxation treaties as the other Unitholders in the New Class) and by giving notice to the Administrator on or prior to the Dealing Deadline for the relevant Dealing Day.

Where applications are made into a New Class with different tax treatment/benefits as the Original Class held, the Units will be transferred to the non-treaty Classes until the required tax documentation has been provided to the Administrator. The Manager may in its sole and absolute discretion accept requests for exchange received after the relevant Dealing Deadline in exceptional circumstances provided they are received prior to the relevant Valuation Point. The general provisions and procedures relating to the issue and redemption of Units will apply equally to exchanges.

When requesting the exchange of Units as an initial investment in a Fund, Unitholders should ensure that the value of the Units exchanged is equal to, or exceeds, the Minimum Initial Investment Amount for the relevant New Class specified in the Supplement for the relevant Fund. In the case of an exchange of a partial holding only, the value of the remaining holding must also be at least equal to the Minimum Unitholding for the Original Class.

The Manager may apply an Anti-Dilution Mechanism on an exchange of Units of an amount which the Investment Manager considers represents an appropriate figure to cover, inter alia, dealing costs, market impact and to preserve the value of the underlying assets of the Fund when there are net subscriptions and redemptions. Any such charge will be retained for the benefit of the relevant Fund. The Manager reserves the right to waive such charge at any time. Unitholders should refer to section 10.10 below for further details.

The number of Units of the New Class to be issued will be calculated in accordance with the following formula:

$$S = \frac{[R \times (RP \times ER)]}{IP}$$

where:

**R** = the number of Units of the Original Class to be exchanged;

**S** = the number of Units of the New Class to be issued;

**RP** = the Redemption Price per Unit of the Original Class as at the Valuation Point for the relevant Dealing Day;

**ER** = in the case of exchange of Units designated in the same Base Currency is 1. In any other case, it is the currency conversion factor determined by the Administrator at the Valuation Point for the relevant Dealing Day as representing the effective rate of exchange applicable to the transfer of assets relating to the Original and New Classes of Units after adjusting such rate as may be necessary to reflect the effective costs of making such transfer; and

**IP** = the Issue Price per Unit of the New Class as at the Valuation Point for the applicable Dealing Day.

Where there is an exchange of Units, Units of the New Class will be allotted and issued in respect of and in proportion to the Units of the Original Class in the proportion S to R.

## Tax Information

Each Unitholder agrees, upon the Manager's request, to provide such tax-related information as is reasonably requested to enable the Manager to prepare any required tax returns or comply with tax reporting or other tax requirements relating to the exchange of Units.

## 6.17. Limitations on Exchanges

Units may not be exchanged for Units of a different Class during any period when the calculation of the Net Asset Value of the relevant Fund or Funds is suspended in the manner described under the section entitled Suspension of Calculation of Net Asset Value below. Applicants for the exchange of Units will be notified of such postponement and, unless withdrawn, their applications will be considered as at the next Dealing Day following the ending of such suspension.

## 6.18. Mandatory Exchanges

If a Unitholder's withholding tax rate or tax reclaim rate diverges from the other Unitholders in a Class due to changes in taxation treaties or domestic exemptions affecting the Unitholder, or where the Unitholder has failed to provide valid tax documentation in a timely fashion, the Manager may in its sole discretion exchange that Unitholder's Units for Units in a separate Class in the same Fund.

## 6.19. Transfer of Units

The transfer of Units in a Fund is not permitted unless the beneficial owner of the Units remains unchanged as a result of the transfer. The Manager must be satisfied that the transfer would not have any adverse consequences for the Fund or the CCF.

## 6.20. Dealing Restrictions

### Market Timing

The Manager at its discretion, reserves the right to refuse to accept any application for initial or subsequent subscription or to compulsorily redeem Units held by any Unitholder, without giving any reason where the Manager suspects market timing. Without limiting the foregoing, and as further described below, the Manager may not be used as a vehicle for frequent trading in response to short term market fluctuations (so called **market timing**). Accordingly, the Manager may reject any subscriptions (or compulsorily redeem Units) from any investor that it determines is engaged in market timing or other activity which it believes is harmful to the Manager or any Fund. If a subscription is rejected, subscription monies will be returned without interest to the Applicant, as soon as practicable at their expense.

### Excessive Trading Policies

The Manager emphasises that all Applicant's and Unitholders are bound to place their subscription, redemption or exchange order(s) no later than the relevant Dealing Deadline for transactions in the Fund's Units.

Excessive trading into and out of a Fund can disrupt portfolio investment strategies and increase the Fund's operating expenses. The Funds are not designed to accommodate excessive trading practices. The Manager reserves the right to restrict, reject or cancel purchase, redemption and switching orders as described above, which represent, in their sole judgment, excessive trading.

Unitholders seeking to engage in excessive trading practices may deploy a variety of strategies to avoid detection, and there is no guarantee that the Manager or its agents will be able to recognise such Unitholders or curtail their trading practices. The ability of the Manager and its agents to detect and curtail excessive trading practices may also be limited by operational systems and technological limitations.

To the extent that the Manager or its agents are unable to curtail excessive trading practices in a Fund, these practices may interfere with the efficient management of the Fund's portfolio, and may result in the Fund engaging in certain activities to a greater extent than it otherwise would, such as maintaining higher cash balances, using a line of credit and engaging in portfolio transactions.

## 7. Calculation of Net Asset Value/Valuation of Assets

The Net Asset Value of each Fund shall be calculated by the Administrator as at the Valuation Point for each Dealing Day by valuing the assets of the Fund and deducting therefrom the liabilities of the Fund. The Net Asset Value of a Fund divided by the number of Units of the relevant Fund in issue as at the relevant Valuation Point is equal to the Net Asset Value of a Unit of the relevant Fund.

Where there is more than one Class in issue in a Fund, the Net Asset Value per Unit of the relevant Class is calculated by determining that proportion of the Net Asset Value of the relevant Fund which is attributable to the relevant Class at the Valuation Point and by dividing this sum by the total number of Units of the relevant Class in issue at the relevant Valuation Point (which is set out in the Supplement for the relevant Fund). The Net Asset Value and the Net Asset Value per Unit will in each case be rounded to six decimal places or such other number of decimal places as the Manager may determine.

Where a Class of Units is denominated in a currency other than the Base Currency of the relevant Fund, the Manager shall at the time of creation of such Class determine if such Class of Units shall be constituted as a Currency Hedged Unit Class (which may be a Base Currency Hedged Unit Class or a Partial Currency Hedged Unit Class or an Unhedged Currency Unit Class. The costs and gains/losses of any hedging transactions relating to a Currency Hedged Unit Class shall accrue solely to the Unitholders in such Class and shall not form part of the assets of the relevant Fund or constitute a liability of the relevant Fund. Any hedging transaction relating to a Currency Hedged Unit Class shall be valued in accordance with the provisions of the Deed of Constitution.

The Deed of Constitution provides for the method of valuation of the assets and liabilities of each Fund and of the Net Asset Value of each Fund. The assets and liabilities of a Fund will be valued as follows:

In general, the Deed of Constitution provides that the value of any investments quoted, listed or dealt in on a Regulated Market shall be calculated using the last traded price as at the relevant Valuation Point, provided that the value of any investment listed or dealt in on a Regulated Market but acquired or traded at a premium or at a discount outside the relevant market may with the approval of the Depositary be valued taking into account the level of premium or discount as at the date of valuation of the investment provided that the Depositary must ensure that the adoption of such a procedure is justifiable in the context of establishing the probable realisation value of the security.

Where such investment is quoted, listed or dealt in on more than one Regulated Market, the price will be the last traded price on the exchange which constitutes the main Regulated Market for such security or the one which the Manager or its delegate determine provides the fairest criteria in ascribing a value to such security.

The value of any investment which is not quoted, listed or dealt in on a Regulated Market or of any investment which is normally quoted, listed or dealt in on a Regulated Market but in respect of which no price is currently available or the current price of which does not in the opinion of the Manager reflects the fair market value thereof in the context of currency, marketability dealing costs and/or such other considerations as are deemed relevant, shall be the probable realisation value estimated with care and in good faith by (a) the Manager or (b) by a competent person appointed by the Manager or its delegate and approved for such purpose by the Depositary.

In determining the probable realisation value of any such investment, the Manager may accept a certified valuation from a competent independent person, or in the absence of any independent person, (notwithstanding that the Investment Manager has an interest in the valuation), the Investment Manager, who in each case shall be approved by the Depositary to value the relevant securities.

Where reliable market quotations are not available for fixed income securities, the value of such securities may be determined by reference to the valuation of other securities which are considered comparable in rating, yield, due date and other characteristics (matrix pricing). The matrix methodology will be compiled by the Manager or a competent person, firm or corporation appointed by the Manager and in each case approved for the purpose by the Depositary.

Shares or Units in open-ended CIS other than those valued in accordance with the foregoing paragraphs shall be valued at the latest available net asset value per share or unit or class as published by the CIS as at the Valuation Point for the relevant Dealing Day.

The Deed of Constitution further provides that the value of any cash in hand or on deposit, pre-paid expenses, cash dividends and interest declared or accrued and not yet received or tax reclaims filed and not yet received as at the relevant Valuation Point shall be deemed to be the face value plus accrued interest unless in any case the Manager is of the opinion that the same is unlikely to be paid or received in full in which case the value thereof shall be arrived at after making such discount as the Manager or its delegate with the approval of the Depositary may consider appropriate in such case to reflect the true value thereof as at the Valuation Point. Certificates of deposits, treasury bills, bank acceptances, trade bills and other negotiable investments shall be valued at each Valuation Point at the last-traded on the market in which these Investments are traded or admitted for trading (being the market which is the sole market or in the opinion of the Manager, the principal market on which the Investments in question are quoted or dealt in) plus any interest accrued thereon from the date on which same were acquired.

The value of any over the counter derivative contracts shall be the quotation from the counterparty to such contracts at the Valuation Point and shall be valued daily. The valuation will be approved or verified weekly by a party independent of the counterparty who has been approved, for such purpose, by the Depositary. Alternatively, the value of any over-the-counter derivative contract may be the quotation from an independent pricing vendor or that calculated by the Manager itself on behalf of the Fund and shall be valued daily. Where an alternative valuation is used by the Manager, the Manager will follow international best practice and adhere to specific principles on such valuation by bodies such as IOSCO and AIMA. Any such alternative valuation must be provided by a competent person appointed by the Manager and approved for the purpose by the Depositary. Any such alternative valuation must be reconciled to the counterparty valuation on a monthly basis. Where significant differences arise they must be promptly investigated and explained.

The value of any exchange traded futures contracts, share price index, futures contracts and options and other derivative instruments shall be the settlement price as determined by the Regulated Market in question as at the Valuation Point provided that where such settlement price is not available for any reason as at a Valuation Point, such value shall be the probable realisation thereof estimated with care and in good faith by (a) the Manager or (b) a competent person appointed by the Manager and approved for such purpose by the Depositary.

Assets denominated in a currency other than in the Base Currency of the relevant Fund (whether of any investment or cash) and any non-rate currency borrowing shall be converted into that Base Currency at the rate (whether official or otherwise) which the Directors or such competent person appointed by the Manager and approved for such purpose by the Depositary deems appropriate in the circumstances.

Forward foreign exchange contracts shall be valued by reference to the prevailing market maker quotations, namely, the price as at the Valuation Point at which a new forward exchange contract of the same size and maturity could be undertaken, or if unavailable, at the settlement price provided by the counterparty. In the latter case, the settlement price shall be valued at least daily by the counterparty and shall be verified at least weekly by a party who is independent from the counterparty and approved for such purpose by the Depositary.

If in any case a particular value is not ascertainable as provided above or if the Manager shall consider that some other method of valuation better reflects the fair value of the relevant investment, then in such case the method of valuation of the relevant investment shall be such as the Manager or another competent person appointed by the Manager shall determine, such method of valuation to be approved by the Depositary.

Notwithstanding the generality of the foregoing, the Manager may, with the approval of the Depositary, adjust the value of any such assets if, having regard to currency, anticipated rate of dividend, applicable rate of interest, maturity, liquidity, marketability and/or such other considerations as the Manager in consultation with the Investment Manager may deem relevant, the Manager considers that such adjustment is required to reflect the fair value thereof as at any Valuation Point.

Any particular valuation provisions applicable to a Fund are set out in the Supplement for the relevant Fund.

## 7.1. Suspension of Calculation of Net Asset Value

The Manager may at any time temporarily suspend the calculation of the Net Asset Value of any Fund and the issue, redemption and exchange of Units of a Fund and any Class and the payment of Redemption Proceeds:

- a. during any period when any of the Regulated Markets on which a meaningful portion of the investments of the relevant Fund, from time to time, are quoted, listed or dealt in are closed, otherwise than for ordinary holidays, or during which dealings therein are restricted or suspended; or
- b. during any period when, as a result of political, economic, military or monetary events or any circumstances outside the control, responsibility and power of the Manager, disposal or valuation of a meaningful portion of the investments of the relevant Fund is not reasonably practicable without this being seriously detrimental to the interests of Unitholders of the relevant Fund or if, in the opinion of the Manager, the Net Asset Value of the Fund cannot be fairly calculated; or
- c. during any breakdown in the means of communication normally employed in determining the price of a meaningful portion of the investments of the relevant Fund, or when, for any other reason the current prices on any Regulated Market of any of the investments of the relevant Fund cannot be promptly and accurately ascertained; or
- d. during any period during which any transfer of funds involved in the realisation or acquisition of investments of the relevant Fund or when payments due on the redemption of Units from Unitholders cannot, in the opinion of the Manager, be effected at normal prices or rates of exchange; or
- e. during any period when the Manager is unable to repatriate funds required for the purpose of making payments due on the redemption of Units in the relevant Fund; or
- f. upon mutual agreement between the Manager and the Depositary, any period following the circulation to Unitholders of a notice of a general meeting at which a resolution for the purpose of terminating the CCF or any Fund is to be proposed; or
- g. when any other reason makes it impracticable to determine the value of a meaningful portion of the assets of the CCF or any Fund; or
- h. during any period when the Manager considers it to be in the best interests of the Unitholders of the relevant Fund.

Where possible, all reasonable steps will be taken to bring any period of suspension to an end as soon as practicable.

Unitholders who have requested issue or redemption of Units of any Class or the exchange of Units of one Class to another (as outlined in the section 6.9 Redemption of Units above) will be notified of any such suspension in such manner as may be directed by the Manager and, unless withdrawn but subject to the limitation referred to above, their requests will be dealt with on the first relevant Dealing Day after the suspension is lifted. Any such suspension will be notified on the same Business Day to the Central Bank and if the Units are listed on Euronext Dublin or such other exchange within the same time frame and will be communicated without delay to the competent authorities in any country in which the Units are registered for sale.

## 8. Notification of Prices

The Net Asset Value per Unit of each Class of Units in each Fund will be available from the Administrator and on the Investment Manager's website [www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com) and such other place as the Manager may decide from time to time and as notified to the Unitholders in advance. For Funds listed on Euronext Dublin, the Net Asset Value per Unit of each Class of Units in each Fund will be notified to Euronext Dublin immediately upon calculation and will be available from Euronext Dublin. Such prices will be the prices applicable to the previous Dealing Day's trades and are therefore only indicative after the relevant Dealing Day.

## 9. Fees and Expenses

### 9.1. Establishment Expenses

The costs of establishing Funds may be borne by the relevant Fund and where appropriate details thereof will be set out in the relevant Supplement.

### 9.2. Operating & Service Providers' Fees and Expenses

The Manager is entitled to a fee as detailed in the relevant Supplement to cover ongoing administration and operation of the CCF. The Manager may instruct the Administrator to pay out of the assets of each Fund:

- a. the fees and expenses payable to the Investment Manager, Administrator, the Depositary, the Distributor, any other distributors, any local representative or facilities agent, any Paying Agent, the fees and expenses of sub-custodians (which in the case of any local representative or facilities agent, any Paying Agent and sub-custodians or any other representative appointed in compliance with the requirements of another jurisdiction will be at normal commercial rates) and any investment advisers or any other delegates of the Manager;
- b. the fees (if any) and expenses of the Directors;
- c. any fees in respect of circulating details of the Net Asset Value, stamp duties, all taxes and VAT;
- d. secretarial fees;
- e. any costs incurred in respect of meetings of Unitholders, marketing and distribution costs, investment transaction charges, costs incurred in respect of the distribution of income to Unitholders, pricing and bookkeeping costs, any amount payable under indemnity provisions contained in the Deed of Constitution or any agreement with any appointee of the Manager, all sums payable in respect of directors' and officers' liability insurance cover, brokerage or other expenses of acquiring and disposing of investments;
- f. the fees and expenses of the auditors, tax and legal advisers, regulatory fees, the fees connected with listing the Funds on Euronext Dublin and the fees connected with registering the CCF for sale in other jurisdictions; and
- g. the fees and expenses in connection with obtaining and maintaining a credit rating for any Fund, Class or Units.

For fees and expenses associated with currency hedging, see section 9.7 of the Prospectus.

The costs of printing and distributing this Prospectus (including any Supplements), key investor information documents (**KIIDs**), reports, accounts and any explanatory memoranda, any necessary translation fees, the costs of publishing prices and any costs incurred as a result of periodic updates of the Prospectus or KIIDs, or of a change in law or the introduction of any new law (including any costs incurred as a result of compliance with any applicable code, whether or not having the force of law) may also be paid out of the assets of the CCF.

The costs of obtaining subsequent tax advice for the CCF will be applied on a pro rata basis to the Funds. The costs of obtaining tax advice for the establishment of new Unit Classes for Applicants with different tax treaty benefits may be borne by the relevant Unit Class and may be amortised over such period as the Manager considers reasonable.

All recurring expenses and fees will be charged against current income or against realised and unrealised capital gains, or, where there is not sufficient income or capital gains to cover the fees and expenses of the CCF, against the capital or assets of the CCF in such manner and over such period as the Manager may from time to time decide.

If a Fund invests a substantial proportion of its net assets in other CIS, the maximum level of management fees that may be charged in respect of that Fund and to the other CIS in which it intends to invest will be set out in the relevant Supplement. Details of such fees will also be contained in the CCF's annual report.

When a Fund invests in the shares of other CIS and those other CIS are managed directly or by delegation by the Investment Manager, or by any other company with which the Investment Manager is linked by common management or control, or by a substantial direct or indirect holding, the Investment Manager or other company

shall not charge subscription, conversion or redemption fees on account of the investment of the Fund in the shares of such other CIS.

### 9.3. Investment Manager Fees

The Investment Manager shall be paid such fees and in such manner as set out in the relevant Supplement.

### 9.4. Administrator Fees

The Administrator shall be paid such fees and in such manner as set out in the relevant Supplement.

### 9.5. Depositary Fees

The Depositary shall be paid such fees and in such manner as set out in the relevant Supplement.

### 9.6. Distributor Fees

Fees and expenses of the Distributor which will be at normal commercial rates together with VAT, if any, thereon may be borne by the CCF. The Distributor will be paid such fees and in such manner as set out in the relevant Supplement.

### 9.7. Currency Hedging Fee

Fees and expenses payable to parties appointed to execute currency hedging in relation to Unit Classes (as further defined in the section "Unit Class Hedging") out of the assets of the relevant Fund attributable to the relevant Unit Class. These fees and expenses will be charged within the transaction cost of the currency derivative (i.e., whenever they are rolled) and will be subject to a maximum fee of 0.06% per annum and a minimum fee of US\$50,000 per annum.

### 9.8. Paying Agents Fees

Fees and expenses of any local representative or facilities agent and any Paying Agents appointed by the Manager on behalf of the CCF or a Fund which will be at normal commercial rates together with VAT, if any, thereon may be borne by the CCF or the Fund in respect of which the representative and/or agent has been appointed. The representative and/or agent will be paid such fees and in such manner as set out in the relevant Supplement.

### 9.9. Anti-Dilution Mechanisms

#### **Swing Pricing**

The Manager reserves the right to impose Swing Pricing to cover dealing costs and to preserve the value of underlying assets of a Fund in the event of receipt for processing of net subscription or redemption requests of a Fund, including as a result of requests for exchange from one Fund into another Fund which shall for this purpose be treated as a redemption request into another Fund (which shall for this purpose be treated as a subscription request).

Swing Pricing adjustments are triggered when the difference between subscriptions and redemptions, as a percentage of a Fund's net asset value, exceeds such threshold as determined by the Investment Manager on any particular Dealing Day. Any such provision will be determined by the Investment Manager as representing an appropriate figure for such purposes and will be agreed by the Manager and will be applied by way of an addition or deduction (as appropriate) when calculating the Issue Price and/or the Redemption Price for Units on any Dealing Day, when there are net subscriptions and/or redemptions (as appropriate).

#### **Anti-Dilution Levy**

The Manager reserves the right to impose an Anti-Dilution Levy to cover dealing costs and to preserve the value of underlying assets of a Fund in the event of receipt for processing of net subscription or redemption requests of a Fund,

including as a result of requests for exchange from one Fund into another Fund which shall for this purpose be treated as a redemption request into another Fund (which shall for this purpose be treated as a subscription request).

Any such provision will be determined by the Investment Manager as representing an appropriate figure for such purposes and will be agreed by the Manager and will be applied by way of a deduction from the subscription monies received or the Redemption Proceeds payable for Units on any Dealing Day, when there are net subscriptions and/or redemptions (as appropriate). Any such sum will be paid into the account of the relevant Fund in such manner as set out in the Supplement. The amount of the Anti-Dilution Levy may be reduced or waived at the discretion of the Manager.

## 9.10. Allocation of Fees

Such fees, duties and charges will be charged to the Fund and within such Fund to the Class or Classes in respect of which they were incurred or, where an expense is not considered by the Manager to be attributable to any one Fund or Class, the expense will be allocated by the Manager with the approval of the Depositary, in such manner and on such basis as the Manager in its discretion deems fair and equitable. In the case of any fees or expenses of a regular or recurring nature, such as audit fees, the Manager may calculate such fees and expenses on an estimated figure for yearly or other periods in advance and accrue the same in equal proportions over any period.

## 10. Taxation

### 10.1. General

The following statements are by way of a general guide to potential Unitholders and Unitholders only and do not constitute tax advice. Unitholders and potential Unitholders are therefore advised to consult their professional advisers concerning possible taxation or other consequences of purchasing, holding, selling, exchanging or otherwise redeeming Units under the laws of their country of incorporation, establishment, citizenship, residence or domicile and in light of their particular circumstances.

Unitholders and potential Unitholders should note that the following statements on taxation are based on advice received by the Manager regarding the law and practice in force in the relevant jurisdiction at the date of this document. As is the case with any investment, there can be no guarantee that the tax position at the time an investment is made in the CCF will endure indefinitely. Prospective Unitholders should familiarise themselves with and, where appropriate, take advice on the laws and regulations (such as those relating to taxation and exchange controls) applicable to the subscription for, and the holding and realisation of, units in the places of their citizenship, residence and domicile.

### 10.2. Ireland

#### **Taxation of the CCF**

The CCF is a common contractual fund as defined in section 739I of the TCA, in which the Unitholders by contractual arrangement participate in the property of the CCF as co-owners. The CCF is transparent for Irish tax purposes and does not have separate legal personality.

Section 739I of the TCA provides that a common contractual fund shall not be chargeable to tax in respect of its relevant income and relevant gains (relevant profits). Instead, the relevant profits of the CCF shall be treated as arising, or as the case may be, accruing to each Unitholder of the CCF in proportion to the value of the units beneficially owned by the Unitholder, as if the relevant profits had arisen or as the case may be, accrued, to the Unitholders in the common contractual fund without passing through the hands of the CCF. This tax treatment is subject to each of the units of the CCF.

- a. being an asset of a pension fund or being beneficially owned by a person other than an individual, or
- b. being held by a custodian or trustee for the benefit of a person other than an individual.

It is the intention of the Manager that Units are not held by natural persons and that the CCF will be tax transparent. On the basis that the Units of the CCF are held by persons described above and the CCF is constituted other than under trust law and statute law, the CCF shall not be chargeable to tax in respect of its relevant profits.

#### **Taxation of Unitholders**

Distributions, interest or gains derived from securities may be subject to taxes, including withholding taxes imposed by the country of source. The CCF has been constituted by the Manager with the intention that it would be viewed as tax transparent. Providing such tax transparency is respected where double taxation treaties apply, those treaties between the countries where the Unitholders and the investments are located will be relevant although in some markets domestic withholding tax exemptions may apply to the CCF. The intention of the Manager is that the CCF may effectively be ignored for double taxation treaty purposes, although the Manager makes no representations or warranties as to the tax transparency of the CCF or its Funds in any jurisdictions.

The Unitholders in the CCF may not be able to benefit from a reduction in the rate of withholding tax and may not therefore be able to prevent withholding taxes being deducted or be able to reclaim withholding taxes suffered in particular countries. If this position changes in the future and the application for a higher or lower rate results in an additional payment of tax or a repayment to the relevant Fund of the CCF respectively, the Net Asset Value of the

relevant Fund will not be restated and the benefit or the cost will be allocated to the existing Unitholders of the relevant Fund rateably at the time of the adjustment.

### **Report to the Irish Revenue Commissioners**

The Manager is required in respect of each year of assessment, on or before of 28 February in the year following the year of assessment, to make a statement (including where applicable a statement with a nil amount) to the Irish Revenue Commissioners specifying certain information including (but not limited to):

- a. the total amount of relevant profits arising to the CCF in respect of its Units, and;
- b. in respect of each unit holder:
  - ◆ the name and address of the Unitholder;
  - ◆ the amount of the relevant profits to which the person is entitled, and
  - ◆ such other information as the Revenue Commissioners may require.

### **Stamp duty**

No charge to stamp duty arises on the subscription or redemption of units in a CCF.

### **Capital Acquisitions Tax**

No Irish gift tax or inheritance tax (capital acquisitions tax) liability will arise on a gift or inheritance of Units provided that at the date of the disposition the transferor is neither domiciled nor ordinarily resident in Ireland and at the date of the gift or inheritance the transferee of the Units is neither domiciled nor ordinarily resident in Ireland and the Units are comprised in the disposition at the date of the gift or inheritance and at the 'valuation date' (as defined for Irish capital gains tax purposes).

### **United Kingdom**

To the best of the Manager's knowledge and belief, the information below is a general statement of current UK tax law and practice at the date of this Prospectus; which is subject to change in content and interpretation provided that no application for units or repurchase or redemption of units is satisfied by an in specie transfer of any Irish situated securities or other properties.

This summary does not constitute legal or tax advice, and it does not describe the taxation treatment of UK Unitholders which are tax exempt or subject to special tax regimes. Unitholders are strongly advised to consult their professional advisers as to their own tax position.

### **The CCF**

The Manager and the Investment Manager intend, as far as possible, to conduct the affairs of the CCF so as to minimise any liability of the CCF to UK taxation. Accordingly, the CCF will be managed with the intention that it does not become resident in the UK for any UK taxation purposes, or otherwise create a taxable presence in the UK for any of its Unitholders.

It is anticipated that the CCF should be treated as a transparent entity for UK tax purposes as regards its income. Accordingly, the CCF should not be liable to UK tax on UK source income, although taxation (if any), should occur at the level of its Unitholders.

The CCF may be liable to transfer taxes on acquisitions and disposals of investments. In the UK, stamp duty or Stamp Duty Reserve Tax at a rate of 0.5% will be payable by the CCF on the acquisition of shares in companies that are either incorporated in the UK or that maintain a share register in the UK. This could also apply to UK shares contributed into the CCF by Unitholders.

## Unitholders

The following summary applies to Unitholders holding Units in the CCF who are resident in the UK.

It does not apply to Unitholders holding Units as trading assets, or Unitholders that are tax exempt or subject to special tax regimes.

For both UK income tax and corporation tax purposes it is likely that the CCF will be treated as transparent as regards its income. As such, UK Unitholders will be liable to income tax or corporation tax as income arises to the CCF from its underlying assets, regardless of whether such income is paid or credited to them. Such income will retain its original character in the hands of UK Unitholders, the nature of which will determine whether any UK or foreign tax credits are available to UK Unitholders generally, and whether any distribution exemptions apply for Unitholders subject to corporation tax.

Such income may be subject to withholding taxes when paid or credited to the CCF from the territory in which it arises, subject to the ability of any UK Unitholder to claim the benefit of a double taxation agreement between the UK and the territory in which the source income arises. Such taxes may include UK income tax withheld on certain forms of UK source income.

As of the date of this Prospectus, a holding in the CCF will be treated as opaque for capital gains tax purposes, i.e. as if it were a holding of shares in an offshore company for UK capital gains tax purposes. As such, capital gains or losses realised by the CCF upon disposal of its underlying investments will not be subject to, or available for relief from UK tax in the hands of the Unitholder as and when they arise to the CCF. Instead, a disposal or redemption of Units in the CCF will become a chargeable disposal for UK capital gains tax purposes. Please note that this only applies to UK taxable Unitholders.

Those Unitholders subject to corporation tax on chargeable gains are themselves treated as owning a capital gains asset comprised of a holding in an offshore fund, and thus the position of the CCF with regard to UK reporting fund status may be relevant to the taxation of such a Unitholder.

The attention of Unitholders subject to UK capital gains tax is also drawn to Section 13 of the Taxation of Chargeable Gains Act 1992, which could, with effect from 1 December 2009, be material to any such Unitholders who hold 10% or more of the Units in the CCF if, at the same time, the CCF is controlled in such a manner that if it were a company resident in the UK, it would be a "close company" for UK tax purposes. If applicable, these provisions could result in such a Unitholder being treated, for the purposes of UK tax, as if part of any gain accruing to the CCF had accrued to the Unitholder directly.

No UK stamp duty or Stamp Duty Reserve Tax should be payable by Unitholders on the purchase or sale of units. However, Unitholders are advised to confirm their tax position and the Stamp Duty Reserve Tax impact of investment into the CCF with their own tax adviser.

### 10.3. Other Jurisdictions

As Unitholders are no doubt aware, the tax consequences of any investment can vary considerably from one jurisdiction to another, and ultimately will depend on the tax regime of the jurisdictions within which a person is tax resident.

**Therefore, the Manager strongly recommends that Unitholders obtain tax advice from an appropriate source in relation to the tax liability arising from the holding of Units in the CCF and any investment returns from those Units.**

It is the Manager's intention to manage the affairs of the CCF so that it does not become resident outside of Ireland for tax purposes.

## 10.4. Other Tax Matters

### Tax Reclaims

Tax reclaims will be filed on behalf of Unitholders and may be recorded in the relevant class by accounting on an accrual basis. Therefore, reclaims may be shared at the time of origination amongst the existing Unitholders in a class of Units. The composition of Unitholders and/or their holdings in the class at the time at which reclaims are paid may change. Tax reclaims may be filed, provided the Unitholders are entitled to the benefits of a double taxation treaty and that transparency is recognised in both the investor's jurisdiction and the jurisdiction of the investments, in accordance with the confirmations received in any tax documentation completed by the investor.

### Double Taxation Treaties

The income and/or gains of the CCF or a Fund from its securities and assets may suffer withholding and other taxes in the countries where such income and/or gains arise. It is not intended that the CCF will be able to benefit from double taxation agreements between Ireland and such countries although in some markets domestic withholding tax exemptions may apply to the CCF. Instead, it is intended that the treaty between the Applicant's home country and country of investment would be applicable. However, this may not be the case for all Unitholders in every country of investment.

Unitholders participating in the same class of Units in a Fund must all be entitled to the same double taxation treaties allowing their unique withholding tax and tax reclaims to be isolated to those eligible to benefit from such treaties. Events which would cause an Unitholder's income entitlements to diverge from the other Unitholders within the class include:

- a. lack of valid investor tax documentation for a particular market; and
- b. divergence of tax treaty rates and domestic exemption applicability between Unitholders.

If a Unitholder that is a Non-U.S. Person lacks valid tax documentation to receive treaty benefits in a particular non-U.S. market and where it is not possible to re-solicit documentation prior to expiration, non-treaty rates may be applied to all Unitholders in the class for the undocumented market. If a Unitholder lacks valid tax documentation to receive treaty benefits in the U.S., the Unitholder's Units in the class may be exchanged for Units in a non-treaty class until valid documentation is received by the Depositary. When a Unitholder's withholding rate or tax reclaim rate diverges from the other Unitholders in the class due to changes in double tax treaties or domestic exemptions covering the Unitholder, the Unitholder's Units in a class may be exchanged by the Manager, in its discretion, for Units in a separate class.

### FATCA

Ireland has entered into an Intergovernmental ("IGA") with the US to facilitate FATCA compliance and reporting. Under the terms of the IGA, the CCF will be required to report to the Irish tax authorities certain information about US investors (including Controlling Persons of certain passive investment entities) as well as non-US financial institutions that do not comply with FATCA. Such information will be onward reported by the Irish tax authorities to the US Internal Revenue Service.

The CCF intends to comply with the terms of the IGA and relevant implementing legislation in Ireland. Therefore, the CCF expects to be treated as a compliant financial institution and does not expect any FATCA withholding to apply on payments made to it.

If a Unitholder or an intermediary through which it holds its interest in the CCF either fails to provide the CCF, its agents or authorised representatives with any correct, complete and accurate information that may be required for the CCF to comply with the requirements of the IGA, the Unitholder may be subject to withholding on amounts otherwise distributable to them, or may be compelled to sell their interest in the CCF or, in certain situations, the Unitholder's interest in the CCF may be sold involuntarily. The CCF may at its discretion enter into any supplemental

agreement without the consent of Unitholders to provide for any measures that the CCF deems appropriate or necessary to comply with FATCA.

Unitholders should consult their own tax advisors regarding the FATCA requirements with respect to their own situation. In particular, Unitholders who hold their shares through intermediaries should confirm the FATCA compliance status of those intermediaries to ensure that they do not suffer FATCA withholding tax on their investment returns.

### **The Common Reporting Standard**

The goal of the Common Reporting Standard ("**CRS**") is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions ("FIs") relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CRS, have used FATCA concepts and as such the CRS is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of CRS while sections 891F and 891G of the TCA contain measures necessary to implement the CRS internationally and across the European Union, respectively. Regulations, the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the "CRS Regulations"), gave effect to the CRS from 1 January 2016.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("DAC II") implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis. Section 891G of the TCA contained measures necessary to implement the DAC II. Regulations, the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the "Regulations"), giving effect to DAC II from 1 January 2016.

Under the Regulations reporting financial institutions, are required to collect certain information on accountholders and on certain Controlling Persons in the case of the accountholder(s) being an Entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information (AEOI) webpage on [www.revenue.ie](http://www.revenue.ie).

## 11. General Information

### 11.1. Reports and Accounts

The CCF's year-end is 31<sup>st</sup> December in each year. The annual report and audited accounts of the CCF will be made available to Unitholders and Euronext Dublin, where applicable, within four months after the conclusion of each accounting year and at least 21 days before the general meeting of the CCF at which they are to be submitted for approval. In any event, the annual report and audited accounts of the CCF will be sent to Unitholders or prospective Unitholders on request. The CCF will also prepare semi-annual report and unaudited accounts which will be sent to Euronext Dublin, where applicable, and made available to Unitholders within two months after the six month period ending on 30<sup>th</sup> September in each year.

Such reports and accounts will contain a statement of the Net Asset Value of each Fund and of the investments comprised therein as at the year-end or the end of such semi-annual period.

### 11.2. Allocation of Assets and Liabilities

The Deed of Constitution requires the Manager to establish separate Funds (under which the liabilities of each Fund, including any liabilities to third parties, shall be segregated and liabilities which are attributable to one particular Fund shall not be applied or discharged by another Fund and the CCF as a whole is not liable to third parties) in the following manner:

- a. the records and accounts of each Fund shall be maintained separately in the Base Currency;
- b. the proceeds from the issue of each class of Units shall be applied in the records and accounts of the relevant Fund and the assets and liabilities and income and expenditure attributable thereto shall be applied to such Fund;
- c. where any asset is derived from any other asset (whether cash or otherwise), the derived asset shall be applied in the records and accounts of the same Fund as the asset from which it was derived and on each revaluation of an asset the increase or diminution in value shall be applied to the relevant Fund;
- d. in the case of any asset of the CCF (or amount treated as notional asset) which the Manager does not consider as attributable to a particular Fund or Funds, the Manager shall have discretion to determine the basis upon which such asset shall be allocated between Funds (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and the Manager shall have the power at any time, and from time to time, subject to the prior approval of the Depositary, to vary such basis provided that the approval of the Depositary shall not be required in any case where the asset is allocated between all Funds, *pro rata* to their Net Asset Value, at the time when the allocation is made;
- e. each Fund shall be charged with the liabilities, expenses, costs, charges or reserves in respect of, or attributable to, that Fund. In the case of any liability of the CCF (or amount treated as a notional liability) which the Manager does not consider as attributable to a particular Fund or Funds the Manager shall have discretion to determine the basis upon which any liability shall be allocated between Funds (including conditions as to the subsequent re-allocation thereof if circumstances so permit) and shall have the power at any time and from time to time, subject to the prior approval of the Depositary, to vary such basis provided that the approval of the Depositary shall not be required in any case where the liability is allocated between all Funds *pro rata* to their Net Asset Values, at the time when the allocation is made in such a manner as the Manager in its discretion deems fair and equitable;
- f. the assets of each Fund shall belong exclusively to that Fund, shall be recorded in the books and records maintained for the Fund as being held for that Fund and separately from the assets of other Funds, the Depositary or any of its agents, shall not be used to discharge directly or indirectly the liabilities of or claims against any other Fund, undertaking or entity and shall not be available for any such purpose.

### 11.3. Duration of the CCF

The CCF and each of the Funds have been established for an unlimited period. However, the CCF or any of its Funds or any Class of Units may be terminated by the Manager upon the giving of 90 days' notice in writing at any time to Unitholders.

- 11.3.1. Without limitation to the foregoing, the Depositary may by notice in writing to the Manager terminate the CCF or any of its Funds or any Class of Units upon the occurrence of any of the following events, namely:
- a. if the Manager is removed and within a period of three months from the occurrence of such event no manager satisfactory to the Central Bank has been appointed;
  - b. if any law shall be passed which renders it illegal or in the reasonable opinion of the Depositary impracticable or inadvisable to continue the CCF or any of its Funds or Class of Units, whichever is being terminated; or
  - c. if within a period of ninety days from the date of the Depositary expressing in writing to the Manager its desire to retire the Manager shall have failed to appoint a new depositary.
- 11.3.2. The CCF or any of its Funds or any Class of Units, as applicable, may be terminated by the Manager in its absolute discretion by notice in writing to the Unitholders as hereinafter provided in any of the following events, namely:
- a. if at any time the Net Asset Value of all of the Funds or of any Fund shall be less than the applicable Minimum Fund Size or its foreign currency equivalent;
  - b. if the CCF shall cease to be an authorised Common Contractual Fund under the Regulations or if any of its Funds shall cease to be approved by the Central Bank;
  - c. if any law shall be passed which renders it illegal or in the reasonable opinion of the Manager impracticable or inadvisable to continue the CCF or any of its Funds or any Class of Units, whichever is being terminated;
  - d. if within a period of three months from the date of the Manager expressing in writing to the Depositary its desire to retire, a replacement manager shall not have been appointed; or
  - e. if within a period of three months from the date of the Investment Manager expressing in writing to the Manager its desire to retire, the Manager shall have failed to appoint a new Investment Manager;
  - f. if, in the opinion of the Manager, such termination is in the best interests of the relevant Unitholders.

The party terminating the CCF or a Fund or Class shall give notice to the Unitholders and by such notice fix the date on which such termination is to take effect which date shall not be less than 30 days after the service of such notice.

After the giving of notice of such termination the party terminating the CCF or Fund or Class shall procure the sale of all investments then remaining in the hands of the Depositary or of the Depositary's nominee as part of the CCF or the relevant Fund or attributable to a Class of Units and such sale shall be carried out and completed in such manner and within such period before or after the termination of the CCF or Fund or Class of Units as the Manager and the Depositary think desirable.

The Manager shall also apply to the Central Bank for revocation of approval of the CCF or the relevant Fund as the case may be.

## 11.4. Litigation and Arbitration

As at the date of this Prospectus the CCF has not been involved in any litigation or arbitration nor are the Directors aware of any pending or threatened litigation or arbitration.

## 11.5. Deed of Constitution

A copy of the Deed of Constitution may be obtained from the Manager or may be inspected during normal business hours at the registered office of the Manager free of charge.

The Depositary and the Manager shall, subject to the prior approval of the Central Bank, be entitled by supplemental deed to amend the provisions of the Deed of Constitution by way of modification, alteration or addition in such manner and to such extent as the Manager may consider necessary for any purpose other than when it would cause the CCF to cease to be an authorised common contractual fund.

Unless the Depositary shall certify in writing that in its opinion such amendment does not prejudice the interest of any of the Unitholders and does not operate to release the Depositary or the Manager from any responsibility to the Unitholders, or unless such amendment shall be required by virtue of legislation, any regulation made or notice issued by the Central Bank under the Regulations, no such amendment shall be made without the prior written consent of Unitholders holding more than 50% of the Units in issue in the Fund or, in the case of an amendment affecting only one or more Funds, the relevant Fund or Funds and provided also that no such amendment shall impose upon any Unitholder any obligation to make any further payment in respect of its Units or to accept any liability in respect thereof.

For the avoidance of doubt, any amendment to the list of Regulated Markets set out in the Deed of Constitution shall not require the approval of the Unitholders of the CCF.

Any modification, alteration or addition to the provisions of the Deed of Constitution may only be made in accordance with the requirements of the Central Bank.

The Deed of Constitution contains provisions indemnifying the Manager against any liability other than due to its fraud, negligence, wilful default or failure in a material respect to comply with its obligations as set out in the Deed of Constitution or in the Regulations.

The Manager may be subject to removal by notice in writing given by the Depositary to the Manager forthwith if (i) the Manager goes into liquidation (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously approved by the Unitholders) (ii) a receiver is appointed in respect of any of the assets of the Manager and is not discharged within 60 days; or (iii) if an examiner is appointed to the Manager pursuant to the Companies (Amendment) Act, 1990 or if any event having equivalent effect occurs and the Depositary shall by writing under its seal appoint some other corporation (approved by the Central Bank) to be the Manager of the CCF upon and subject to such corporation entering into such deed or deeds as the Depositary may be advised is or are necessary or desirable to be entered into by such corporation in order to secure the due performance of its duties as Manager. The appointment of the replacement Manager must be approved by the Central Bank.

## 11.6. Material Contracts

The following contracts have been entered into otherwise than in the ordinary course of the business intended to be carried on by the CCF and are or may be material:

- a. the Investment Management Agreement between the Manager and the Investment Manager; this agreement provides that the appointment of the Investment Manager as investment manager will continue in force unless and until terminated by either party giving to the other 90 days' notice in writing although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other. Under this agreement, the Investment Manager shall not be liable to the Manager or any Unitholders or otherwise for any actions, proceedings, claims, demands, losses, liabilities, damages, costs or expenses

(including legal and professional fees and expenses) suffered by the Manager or any such Unitholder unless such loss arises from the negligence, fraud, bad faith, or wilful default in the performance or non-performance by the Investment Manager or persons designated by it of its obligations or duties under the agreement or breach of contract on the part of the Investment Manager or any of its agents or delegates or their agents;

- b. the Distribution Agreement dated 24 January 2014 between the Manager and the Distributor; this agreement provides that the appointment of the Distributor as distributor will continue in force unless and until terminated by either party giving to the other 90 days' notice in writing although in certain circumstances the agreement may be terminated forthwith by notice in writing by either party to the other. Under this agreement, the Distributor shall not be liable to the Manager or any Unitholders or otherwise for any error of judgement or loss suffered by the Manager or any such Unitholder in connection with the Distribution Agreement unless such loss arises from the negligence, fraud, bad faith, or wilful default in the performance or non-performance by the Distributor or persons designated by it of its obligations or duties under the agreement or breach of contract on the part of the Distributor or any of its agents or delegates or their agents;
- c. the Depositary Agreement dated 13 October 2016 between the Manager and the Depositary under which the Depositary has been appointed as depositary of the CCF's assets subject to the overall supervision of the Manager. This agreement provides that the appointment of the Depositary will continue unless and until terminated by the Manager or the Depositary giving to the other parties not less than 90 days' written notice although in certain circumstances the Agreement may be terminated immediately by the Manager or the Depositary provided that the appointment of the Depositary shall continue in force until a replacement Depositary approved by the Central Bank has been appointed and provided further that if, no replacement Depositary shall have been appointed in accordance with Regulation 32 of Central Bank (Supervision And Enforcement) Act 2013 (Section 48(1)) (Undertakings For Collective Investment In Transferable Securities) Regulations 2015 and Northern Trust is unwilling or unable to act as such then the appointment of Northern Trust may be terminated only upon the revocation of the authorisation of the CCF. This Agreement contains certain indemnities in favour of the Depositary (and each of its officers, employees and delegates) which are restricted to exclude matters arising by reason of the negligent or intentional failure of the Depositary in the performance of its duties or the loss of financial instruments held in its custody under the Depositary Agreement;
- d. The Administration Agreement between the Manager and the Administrator dated 24 January 2014 under which the latter was appointed as Administrator to administer the affairs of the CCF, subject to the terms and conditions of the Administration Agreement and subject to the overall supervision of the Manager. The Administration Agreement may be terminated by either party on 90 days' written notice or forthwith by notice in writing in certain circumstances such as the insolvency of either party or unremedied breach after notice. The Agreement provides that the Manager shall out of the Fund's assets indemnify the Administrator and its delegates, agents and employees against and hold it harmless from any actions, proceedings, damages, claims, costs, demands and expenses including legal and professional expenses brought against or suffered or incurred by the Administrator in the performance of its duties other than due to the negligence, fraud, bad faith or wilful default of the Administrator in the performance of its obligations.

Please refer to each Supplement for details of any other relevant material contracts (if any) in respect of a Fund.

## 11.7. Remuneration Policy of the Manager

The Manager has remuneration policies and practices in place consistent with the requirements of the Regulations and the ESMA Guidelines on sound remuneration policies under the UCITS Directive ("ESMA Remuneration Guidelines"). The Manager will procure that any delegate, including the Investment Manager, to whom such requirements also apply pursuant to the ESMA Remuneration Guidelines will have equivalent remuneration policies and practices in place.

The remuneration policy reflects the Manager's objective for good corporate governance, promotes sound and effective risk management and does not encourage risk-taking which is inconsistent with the risk profile of the Funds or the Deed of Constitution. It is also aligned with the investment objectives of each Fund and includes measures to avoid conflicts of interest. The remuneration policy is reviewed on an annual basis (or more frequently, if required) by the board of directors of the Manager, to ensure that the overall remuneration system operates as intended and that the remuneration pay-outs are appropriate. This review will also ensure that the remuneration policy reflects best practice guidelines and regulatory requirements, as may be amended from time to time.

Further details with regard to the remuneration policy of the Manager (including, but not limited to: (a) a description of how the remuneration and benefits are calculated, (b) the identities of persons responsible for awarding the remuneration and benefits; and (c) the composition of the remuneration committee, where such a committee exists), are available at the following website [www.carnegroup.com/policies-and-procedures/](http://www.carnegroup.com/policies-and-procedures/).

The remuneration policy may be obtained free of charge on request from the Manager.

## 11.8. Miscellaneous

As of the date of this Prospectus, the CCF does not have any loan capital (including term loans) outstanding or created but unissued or any outstanding mortgages, charges, debentures or other borrowings or indebtedness in the nature of borrowings, including bank overdrafts, liabilities under acceptance or acceptance credits, hire purchase or finance lease commitments, guarantee or other contingent liabilities which are material in nature.

Save as may result from the entry by the Manager into the agreements listed under the section entitled Material Contracts above or any other fees, commissions or expenses discharged, no amount or benefit has been paid or given or is intended to be paid or given to any promoter of the CCF.

Save as disclosed under the Portfolio Transactions and Conflicts of Interest section above, no commissions, discounts, brokerages or other special terms have been paid or granted or are payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Units or loan capital of the CCF.

## 11.9. Documents Available for Inspection

The following documents may be provided in a durable medium (which shall include in writing and/or by electronic mail).

A copy in writing of such documents shall be provided to Unitholders on request, free of charge:

- ◆ The Prospectus and any relevant Supplement;
- ◆ Once published, the latest annual and half yearly reports of the CCF;
- ◆ Key investor information document (KIID)

In addition, copies of the following documents may be obtained free of charge from the registered office of the Manager in Ireland during normal business hours, on any Business Day:

- ◆ The Deed of Constitution
- ◆ Once published, the latest annual and half yearly reports of the CCF

An up-to-date version of the KIID shall be made available for access in an electronic format on the following website: [www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com)

In the event that the Manager proposes to register one or more Funds for public offering in other EU Member States, it shall make the following additional documentation available in a durable medium.

- ◆ The Supplement
- ◆ Once published, the latest annual and half yearly reports of the CCF

◆ The Deed of Constitution

They are also available on [www.assetmanagement.hsbc.com](http://www.assetmanagement.hsbc.com).

## 12. Directory

### **Manager**

Carne Global Fund Managers  
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### **Directors**

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Teddy Otto  
Sarah Murphy  
Elizabeth Beazley  
N.J. Whelan  
Jackie O'Connor  
Aleda Anderson

### **Administrator**

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Fund Administration Services  
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Ireland

### **Investment Manager (unless otherwise stated in the Supplement), Distributor & UK Representative**

HSBC Global Asset Management  
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8 Canada Square  
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E14 5HQ  
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### **Depository**

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### **Secretary to the Manager**

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Ireland

### **Tax Advisers**

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2 New Street Square  
London  
EC4A 3BZ  
United Kingdom

## 13. Appendix 1

### The Regulated Markets

With the exception of permitted investments in unlisted investments and over-the-counter derivative instruments, the investments of any Fund will be restricted to the following exchanges and markets:

1. any stock exchange which is:

- ◆ located in any Member State of the European Union; or
- ◆ located in any Member State of the European Economic Area (EEA) (Norway, Iceland and Liechtenstein); or
- ◆ located in any of the following countries:
  - Australia
  - Canada
  - Japan
  - Hong Kong
  - New Zealand
  - Switzerland
  - United States of America
  - United Kingdom
- ◆ any of the following stock exchanges or markets:

Argentina	Bolsa de Comercio de Buenos Aires
Argentina	Bolsa de Comercio de Cordoba
Argentina	Bolsa de Comercio de Rosario
Bahrain	Bahrain Stock Exchange
Bangladesh	Dhaka Stock Exchange
Bangladesh	Chittagong Stock Exchange
Bermuda	Bermuda Stock Exchange
Botswana	Botswana Stock Exchange
Brazil	Bolsa de Valores do Rio de Janeiro
Brazil	Bolsa de Valores de Sao Paulo
Chile	Bolsa de Comercio de Santiago
Chile	Bolsa Electronica de Chile
Chile	Bolsa de Valparaiso
Peoples' Republic of China	Shanghai Securities Exchange
Peoples' Republic of China	Shenzhen Stock Exchange
Colombia	Bolsa de Bogota
Colombia	Bolsa de Medellin
Colombia	Bolsa de Occidente
Croatia	Zagreb Stock Exchange

Ecuador	Guayaquil Stock Exchange
Egypt	Alexandria Stock Exchange
Egypt	Cairo Stock Exchange
Ghana	Ghana Stock Exchange
India	Bangalore Stock Exchange
India	Delhi Stock Exchange
India	Mumbai Stock Exchange
India	National Stock Exchange of India
Indonesia	Jakarta Stock Exchange
Indonesia	Surabaya Stock Exchange
Israel	Tel-Aviv Stock Exchange
Ivory Coast	Bourse des Valeurs d'Abidjan
Jordan	Amman Financial Market
Kazakhstan (Rep. Of)	Central Asian Stock Exchange
Kazakhstan (Rep. Of)	Kazakhstan Stock Exchange
Kenya	Nairobi Stock Exchange
Lebanon	Beirut Stock Exchange
Malaysia	Kuala Lumpur Stock Exchange
Mauritius	Stock Exchange of Mauritius
Mexico	Bolsa Mexicana de Valores
Mexico	Mercado Mexicano de Derivados
Morocco	Societe de la Bourse des Valeurs de Casablanca
New Zealand	New Zealand Stock Exchange
Nigeria	Nigerian Stock Exchange
Pakistan	Islamabad Stock Exchange
Pakistan	Karachi Stock Exchange
Pakistan	Lahore Stock Exchange
Peru	Bolsa de Valores de Lima
Philippines	Philippine Stock Exchange
Russia	Moscow Stock Exchange
Russia	Russian Trading System
Russia	Moscow Interbank Currency Exchange
Singapore	Singapore Stock Exchange
South Africa	Johannesburg Stock Exchange
South Africa	South African Futures Exchange
South Africa	Bond Exchange of South Africa

South Korea	Korea Stock Exchange/KOSDAQ Market
Sri Lanka	Colombo Stock Exchange
Taiwan (Republic of China)	Taiwan Stock Exchange Corporation
Taiwan (Republic of China)	Gre Tai Securities Market
Taiwan (Republic of China)	Taiwan Futures Exchange
Thailand	Stock Exchange of Thailand
Thailand	Market for Alternative Investments
Thailand	Bond Electronic Exchange
Thailand	Thailand Futures Exchange
Tunisia	Bourse des Valeurs Mobilières de Tunis
Turkey	Istanbul Stock Exchange
Turkey	Turkish Derivatives Exchange
Ukraine	Ukrainian Stock Exchange
Uruguay	Bolsa de Valores de Montevideo
Uruguay	Bolsa Electronica de Valores del Uruguay SA
Venezuela	Caracas Stock Exchange
Venezuela	Maracaibo Stock Exchange
Venezuela	Venezuela Electronic Stock Exchange
Zambia	Lusaka Stock Exchange

2. any of the following markets:

- ◆ MICEX (equity securities that are traded on level 1 or level 2 only);
- ◆ RTS1 (equity securities that are traded on level 1 or level 2 only);
- ◆ RTS2 (equity securities that are traded on level 1 or level 2 only);
- ◆ the market organised by the International Capital Market Association;
- ◆ the market conducted by the **listed money market institutions**, as described in the Financial Conduct Authority publication **The Investment Business Interim Prudential Sourcebook** which replaces the **Grey Paper** as amended from time to time;
- ◆ AIM - the Alternative Investment Market in the UK, regulated and operated by the London Stock Exchange;
- ◆ The over-the-counter market in Japan regulated by the Securities Dealers Association of Japan;
- ◆ NASDAQ in the United States;
- ◆ The market in US government securities conducted by primary dealers regulated by the Federal Reserve Bank of New York;
- ◆ The over-the-counter market in the United States regulated by the National Association of Securities Dealers Inc. (also described as the over-the-counter market in the United States conducted by primary and secondary dealers regulated by the Securities and Exchanges Commission and by the National Association of Securities Dealers (and by banking institutions regulated by the US Comptroller of the Currency, the Federal Reserve System or Federal Deposit Insurance Corporation);
- ◆ The French market for Titres de Créances Négociables (over-the-counter market in negotiable debt instruments);

- ◆ NASDAQ Europe (is a recently formed market and the general level of liquidity may not compare favourably to that found on more established exchanges);
  - ◆ the over-the-counter market in Canadian Government Bonds, regulated by the Investment Dealers Association of Canada.
  - ◆ SESDAQ (the second tier of the Singapore Stock Exchange.)
3. All derivatives exchanges on which permitted FDIs may be listed or traded:
- ◆ in a Member State;
  - ◆ in a Member State in the European Economic Area (European Union Norway, Iceland Liechtenstein);
  - ◆ in the United Kingdom;
  - ◆ in Australia, on the SFE-ASX Trade24;
  - ◆ in the United States of America, on the
    - Chicago Board of Trade;
    - Chicago Board Options Exchange;
    - Chicago Mercantile Exchange;
    - Eurex US;
    - New York Futures Exchange;
    - ISE Futures US (previously New York Board of Trade);
    - New York Mercantile Exchange;
  - ◆ In Canada, on the MSE-Montreal Exchange;
  - ◆ in China, on the Shanghai Futures Exchange;
  - ◆ in Hong Kong, on the Hong Kong Futures Exchange;
  - ◆ in Japan, on the
    - Osaka Securities Exchange;
    - Tokyo International Financial Futures Exchange;
    - Tokyo Stock Exchange;
  - ◆ in New Zealand, on the New Zealand Futures and Options Exchange;
  - ◆ in Singapore, on the
    - Singapore International Monetary Exchange;
    - Singapore Commodity Exchange.

These exchanges and markets are listed in accordance with the requirements of the Central Bank which does not issue a list of approved exchanges and markets.

## 14. Appendix 2

List of sub-custodial agents appointed by The Northern Trust Company.

The Depository's global sub-custodian has appointed the following entities as sub-delegates in each of the markets set forth below. This list may be updated from time to time and is available upon request in writing from the Administrator or the Depository. The Depository does not anticipate that there would be any specific conflicts of interest arising as a result of any delegation to The Northern Trust Company or any of the sub-delegates listed below. The Depository will notify the Manager of any such conflict should it so arise.

<b>Country</b>	<b>Sub-Custodian</b>	<b>Sub-Custodian Delegate</b>
<b>Argentina</b>	Citibank N.A., Buenos Aires Branch	
<b>Australia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Australia Limited
<b>Austria</b>	UniCredit Bank Austria AG	
<b>Bangladesh</b>	Standard Chartered Bank	
<b>Belgium</b>	The Northern Trust Company	
<b>Bosnia and Herzegovina (Federation of Bosnia- Herzegovina)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Bosnia and Herzegovina (Republic of Srpska)</b>	Raiffeisen Bank International AG	Raiffeisen Bank Bosnia DD BiH
<b>Botswana</b>	Standard Chartered Bank Botswana Limited	
<b>Brazil</b>	Citibank N.A., Brazilian Branch	Citibank Distribuidora de Titulos e Valores Mobiliarios S.A ("DTVM")
<b>Bulgaria</b>	Citibank Europe plc, Bulgaria Branch	
<b>Canada</b>	The Northern Trust Company, Canada	
<b>Canada*</b>	Royal Bank of Canada	
<b>Chile</b>	Citibank N.A.	Banco de Chile
<b>China B Share</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (China) Company Limited
<b>Clearstream</b>	Clearstream Banking S.A.,	
<b>Colombia</b>	Cititrust Columbia S.A. Sociedad Fiduciaria	
<b>Costa Rica</b>	Banco Nacional de Costa Rica	
<b>Côte d'Ivoire</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Cote d'Ivoire SA
<b>Croatia</b>	UniCredit Bank Austria AG	Zagrebacka Banka d.d.
<b>Cyprus</b>	Citibank Europe PLC	

<b>Country</b>	<b>Sub-Custodian</b>	<b>Sub-Custodian Delegate</b>
<b>Czech Republic</b>	UniCredit Bank Czech Republic and Slovenia, a.s.	
<b>Denmark</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Egypt</b>	Citibank N.A., Cairo Branch	
<b>Estonia</b>	Swedbank AS	
<b>Eswatini (formerly Swaziland)</b>	Standard Bank Eswatini Limited	
<b>Finland</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>France</b>	The Northern Trust Company	
<b>Germany</b>	The Northern Trust Company	
<b>Ghana</b>	Standard Chartered Bank Ghana Limited	
<b>Greece</b>	Citibank Europe PLC	
<b>Hong Kong</b>	The Hong Kong and Shanghai Banking Corporation Limited	
<b>Hong Kong (Stock and Bond Connect)</b>	The Hong Kong and Shanghai Banking Corporation Limited	
<b>Hungary</b>	UniCredit Bank Hungary Zrt.	
<b>Iceland</b>	Landsbankinn hf	
<b>India</b>	Citibank N.A.	
<b>Indonesia</b>	Standard Chartered Bank	
<b>Ireland</b>	Euroclear Bank S.A./N.V.	
<b>Israel</b>	Bank Leumi Le-Israel B.M.	
<b>Italy</b>	Citibank Europe plc	
<b>Japan</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Jordan</b>	Standard Chartered Bank	
<b>Kazakhstan</b>	Citibank Kazakhstan JSC	
<b>Kenya</b>	Standard Chartered Bank Kenya Limited	
<b>Kuwait</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Latvia</b>	Swedbank AS	
<b>Lithuania</b>	AB SEB bankas	

<b>Country</b>	<b>Sub-Custodian</b>	<b>Sub-Custodian Delegate</b>
<b>Luxembourg</b>	Euroclear Bank S.A./N.V.	
<b>Malaysia</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Malaysia Berhad
<b>Mauritius</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Mexico</b>	Banco Nacional de Mexico S.A. integrante del Grupo Financiero Banamex	
<b>Morocco</b>	Société Générale Marocaine de Banques	
<b>Namibia</b>	Standard Bank Namibia Ltd	
<b>Netherlands</b>	The Northern Trust Company	
<b>New Zealand</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Nigeria</b>	Stanbic IBTC Bank Plc	
<b>Norway</b>	Skandinaviska Enskilda Banken AB (publ)	
<b>Oman</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Oman S.A.O.G
<b>Pakistan</b>	Citibank N.A., Karachi Branch	
<b>Panama</b>	Citibank N.A., Panama Branch	
<b>Peru</b>	Citibank del Peru S.A.	
<b>Philippines</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Poland</b>	Bank Polska Kasa Opieki Spółka Akcyjna,	
<b>Portugal</b>	BNP Paribas Securities Services	
<b>Qatar</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited
<b>Romania</b>	Citibank Europe PLC	
<b>Saudi Arabia</b>	The Northern Trust Company of Saudi Arabia	
<b>Senegal</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Cote d'Ivoire SA
<b>Serbia</b>	UniCredit Bank Austria A.G.	UniCredit Bank Serbia JSC
<b>Singapore</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Slovakia</b>	Citibank Europe PLC	

<b>Country</b>	<b>Sub-Custodian</b>	<b>Sub-Custodian Delegate</b>
<b>Slovenia</b>	UniCredit Banka Slovenija d.d.	
<b>South Africa</b>	The Standard Bank of South Africa Limited	
<b>South Korea</b>	The Hongkong and Shanghai Banking Corporation Limited	
<b>Spain</b>	Citibank Europe plc	
<b>Sri Lanka</b>	Standard Chartered Bank	
<b>Sweden</b>	Nordea Bank Abp	
<b>Switzerland</b>	Credit Suisse (Switzerland) Ltd	
<b>Taiwan</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Taiwan) Limited
<b>Tanzania</b>	Standard Chartered Bank (Mauritius) Limited	Standard Chartered Bank Tanzania Limited
<b>Thailand</b>	Citibank N.A., Bangkok Branch	
<b>Tunisia</b>	Union Internationale De Banques	
<b>Turkey</b>	Citibank A.S.	
<b>Uganda</b>	Standard Chartered Bank Uganda Limited	
<b>United Arab Emirates (ADX)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (DFM)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Arab Emirates (NASDAQ)</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank Middle East Limited (DIFC) Branch
<b>United Kingdom</b>	Euroclear UK & International Limited (Northern Trust self-custody)	
<b>United States</b>	The Northern Trust Company	
<b>Uruguay</b>	Banco Itau Uruguay S.A.	
<b>Vietnam</b>	The Hongkong and Shanghai Banking Corporation Limited	HSBC Bank (Vietnam) Ltd
<b>Zambia</b>	Standard Chartered Bank Zambia PLC	

\*The Royal Bank of Canada serves as Northern Trust's Sub-Custodian for securities not eligible for settlement in Canada's local central securities depository.

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